

(Ninth Day)

and
(Tenth Day)

PUBLIC HEARING

before

N. J. Legislature.

SENATE COMMITTEE, CREATED UNDER SENATE RESOLUTION NO. 4 (1958)
AND RECONSTITUTED UNDER SENATE RESOLUTIONS NOS. 3 (1959)
and 4 (1960) TO INVESTIGATE THE COST OF GARBAGE COLLECTION
AND DISPOSAL,

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MEMBERS OF COMMITTEE PRESENT:

Senator Walter H. Jones (Chairman)

Also:

Nelson G. Gross, Esq.

Counsel to the Committee

Murray A. Laiks, Esq. (of Heller and Laiks)

Counsel to Frank Stamato

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SENATOR WALTER H. JONES (CHAIRMAN): For the record, we will call this meeting of the Senate Committee reconstituted under Senate Resolution No. 4 to order, and we will swear the first witness.

S I N I B A L D O L E O N E, called as a witness, being duly sworn according to law, testified as follows:

BY SENATOR JONES:

Q What is your name? A Sinibaldo Leone.

Q Where do you live? A 416 Park Avenue, Paterson.

BY MR. GROSS:

Q Mr. Leone, what is your position in the City of Paterson?

A I'm a member of the Board of Public Works.

Q Are you also a Commissioner in Paterson? A Yes, a Commissioner.

Q And you are a member also of the Board of Public Works in the city? A Yes, sir.

Q For how long have you held that position? A This is the fourth year.

Q And the fourth year have you been a Commissioner also? A Yes, sir.

Q In your position as a member of either the governing body or the Board of Public Works, have you had occasion to discuss the garbage contracts in the City of Paterson? A I have.

Q When did you gain your first familiarity - have your first discussion with respect to garbage? A I think, about two years ago, when a contract had been concluded and they were ready to start a new one.

Q Will you tell us what those discussions were and how it came about? A At the time the contract was expiring

and I think we decided that we didn't have too much time to get into another long-term contract and that it would be best at the time to continue it for another year, due to the fact that the members of the board had decided that they were going to look into the garbage situation and spend money for surveys at the time; so everyone felt that they would like to save some money and the best way to do it would be to survey the garbage situation, so, therefore, they extended the contract, they proceeded to advertise to extend the contract for one year at the time, and when this contract ended, then we have a new contract which I think goes into effect July 1st, which will take place for five years.

BY SENATOR JONES:

Q Now wait a minute. The contract that has just been recently let doesn't go into effect until a day or so from now, is that right? A I think that's true.

Q Has that contract been subject to any taxpayers' suit or any legal attack as of this time? A Not as of the moment.

Q So far as you know? A As far as I know.

BY MR. GROSS:

Q Now, who is the present contract with in the City?

A The contract has been awarded to-- the present contract is Stamato. I don't know the correct name of the firm.

Q Frank Stamato Service Company. And that is on the basis of a two-year contract which began July 1, 1958?

A I assume that would be correct.

Q Now, the discussions which you had were about how many years ago, did you say? A Well, it would be prior

to this two-year contract and the one-year contract, which I know we gave him, so I was in on all three - or on both of them.

Q Now, what was the result of those discussions in town?

A Well, we felt that we would like to save money on garbage, but the question was how to do it.

Q Was there anything undertaken by the city? A Yes, we've expended moneys and, in fact, there is supposed to be a survey in progress at the moment, on which we expended moneys together with, I think, the City of Clifton and the City of Passaic.

BY SENATOR JONES:

Do you mind if I interrupt? I want to orient myself, counsel.

Q You told me before that this contract between Stamato Service Company is to go into effect on July 1 of this year, which is, I suppose, what? Friday or Saturday of this week? Friday of this week. Now, when was this contract let? When was it let for bids? A I think we started around February.

Q Well, now, you are talking about preliminaries. I am not interested in your preliminaries. When, actually, were the bids received, opened, and filed, and when was the contract struck down or knocked down to the successful bidder?

MR. GROSS: (Addressing the witness) Do you have the minutes there?

THE WITNESS: Yes, I have the minutes of our meetings here. On March 15, 1960, we opened the bids.

Q That's what I wanted to get. March 15th you opened the bids. A Yes, sir.

Q 1960. A That's correct, sir.

Q When was the contract awarded? A I believe it was April 5, 1960.

Q April 5th? A That is correct.

Q Do you know of any reason why there was such a press to award a contract roughly three months before the expiration of the old contract? A No reason that I knew of. In fact, I insisted at the time that we re-advertise for bids inasmuch as we had sufficient time before the contract would be awarded, but I was voted down.

Q O.K. You were overruled by your own Commission?

A By three members, three Commissioners.

Q Was that because you felt at the time that these bids were too high and you wanted to see if you could better the bid?

A I did that for the reason that I had knowledge that in East Paterson they had just given out a bid for one year and their per capita had been so much lower than ours, according to our bid, that I couldn't see any justification, being right across the river, why our bid should be almost twice as much as East Paterson. And that's why I brought it up before the members of the Board that, where the density is greater, as in our own particular city, the garbage should be a little cheaper in our city than theirs. Then they brought up the argument that maybe they had to truck it further, and I said, "Well, even if you did, to what degree should it be more than East Paterson?"

Q Just one thing more, and that ends it. What was the per capita on the award of this contract in Paterson and the per capita in East Paterson at a similar time? A Well, in East Paterson the contract was \$46,200 and their population, as close as I can get it, would be between eighteen and twenty thousand. That is by word of mouth. And in Paterson, we have a population

of approximately 143,000, and our bid, under this contract, would be \$599,500. Now, let's see. That would be close - I don't have it exactly - just under \$600,000.

Q All right. And what are the per capitas according to your figures? A I have it down here somewhere. I think Paterson came to --

Q I don't want a "think," I want a "know." We will wait until later on for you to get it if you don't know. A I would rather divide it through and tell you later.

SENATOR JONES: Go ahead, counsel.

MR. GROSS: If you would like these per capitas entered into the record, we can have Mr. Elam do it. He has calculated it, and he has been sworn already.

SENATOR JONES: Well, not now. I'll let it go until later, as long as he has it.

BY MR. GROSS:

Q Now, a survey was undertaken then by the City of Paterson in conjunction with Clifton and East Paterson. A I think it was Passaic.

Q Passaic. Now, do you know how much was expended by the City of Paterson for this survey? A I don't know the exact figures, because it was going to be divided proportionately according to population. I can find out.

Q It would come to, roughly, what? A I would say between ten and fifteen thousand dollars would be our share.

Q Now, what was the result of that survey? A No one ever knew. Until this day, I still don't know.

BY SENATOR JONES:

Q What's that? A public survey was made and you didn't get a public report? A I don't have the report as yet and I asked for it at the same time that these bids were given out, and the Chairman of the Board said that he still didn't have the answer to it but not to worry, because Passaic had given out a five-year contract and, therefore, it wouldn't matter.

Q Well, now, let's get through that operation a little bit. When did this public survey take place? A Sometime this year we appropriated the-- we worked on it last year and the exact date I don't know.

Q What was the survey for? A We were supposed to find out whether it would be probable for the cities of Paterson, Clifton and Passaic to get together on a tri-city basis--

Q You don't mean probable; you mean whether it would be economic or whether there would be efficiency involved in a joint operation between these three towns. A First, we were trying to convince the three towns to work together to formulate a program that would be beneficial to the three towns.

Q Who made the survey? the town officials? A We were to hire someone and that's where the money was to go.

Q Was the money appropriated? A Money was appropriated.

Q Was it spent? A That, I don't know, sir.

Q When was this? A Within the last year.

Q Well, you don't know whether the money was spent, you don't know whether the people got a contract for services or not-- A Let me put it this way: We selected the chairman of our board to act for

Q Who was that? A Harry Schoen.

Q Harry Schoen is the Chairman of this Board - A Board of Public Works.

Q -- and he had members from Passaic and Clifton as well?

A I would imagine so.

Q And you don't know whether or not they spent the money that was appropriated? A I don't know.

Q And you were never given a report? A Never given a report.

Q And you asked for it? A Yes, I did ask for it. I asked for it when we were working on this garbage contract because I thought that would be a good guide as to whether we should go into a five-year contract or not. In fact, I stated that if we spent all this money to get a report, why give a five-year contract out now, because if the report were favorable we'd be tied up for five years.

Q Do you have anything that Schoen told you? A Just verbally that he said it wouldn't matter at this point and we should give the contract out for five years.

Q To whom? A To the low bidder, which would be Stamato and Iommetti.

Q All right.

SENATOR JONES: Have you any material at all on this, counsel?

MR. GROSS: Only something related.

SENATOR JONES: Well, you can get to that on your own. I want somebody to check this out. Somebody had better see Schoen and get him to tell us what happened to this public report and survey, and find out whether or not any funds were expended and to whom. Go ahead.

BY MR. GROSS:

Q Now, Mr. Leone, I show you what purports to be an extract from minutes of the regular meeting of the Board of Public Works on April 15, 1958, certified by Frank Ciro, Clerk of the Board of Public Works. I ask you to refer to that. Were you a member of the Board of Public Works at that time?

A I was.

Q I note in there, and would you refer to it, a statement by Mr. Schoen. Will you read that statement? A (Reading) "Chairman Schoen stated, 'I have made a study of the garbage collection and disposal issue and I find that the prices offered by the lowest bidder are comparable to that in other communities which recently have entered into contracts.' He further stated that he felt that the three-year bid should be overlooked because it is too high. He also stated that the matter was thoroughly discussed with all the other members of the Board and they were all in accord with his thought."

Q Now, at the time that Mr. Schoen made that statement that he had conducted a study of comparable towns, did he submit any documentary material in support of that statement? A No. In fact, he stated he had a letter in his pocket that he didn't want to make public. He had some information but he didn't particularly care to make it known.

Q Was this at a caucus or private meeting? A At a caucus, a private meeting.

Q And who was present? A It would be the other two, the two Commissioners. Do you want them by name?

Q Only the members of the -- A Members of the Board of Works.

Q And no outsiders? A No. In these discussions we had, it was just the members of the Board of Works.

Q And Mr. Schoen said what, as to making information available to members of the Board? A When I stated that I thought the East Paterson contract, which was recently given out, showed that it was considerably lower than ours, he made a statement that the prices in all other communities had all gone up rather than going down, and that was contrary to what I thought it had been. And he wouldn't give me this letter, this memorandum, where he made the statement which he was supposed to have made after he read. It was prepared by somebody that he didn't want to make public.

Q Did he at any time reveal that information, or reveal to you or other members of the Board of Public Works any documentary material, any studies, any reports, to indicate what the cost would probably be in the City of Paterson? A He never did it with me.

Q Were any requests made by you since the appropriation? A At this meeting I wanted to know where the study was and what the results were, and it was at that time that he said it wasn't concluded and that it didn't matter anymore because everybody had been giving five-year contracts out, so it didn't matter what the study came out, and I said, "Well, isn't that a waste of money, to spend money for a survey to try to save money and now we give out a five-year contract? So it would seem to me that we are wasting money for the survey."

Q Now, was there any discussion later on as to the bids or as to qualifications and specifications for the bidding in the recent current contract which has recently been awarded in April? A There was quite a bit of discussion as to why

the term of the new contract was extended to five years, because it had never been a practice for us to do so, and I stated that in doing so we would be limiting bidders and, therefore, we couldn't possibly get the lowest price for the collection of garbage. He was - in fact, all three members were very adamant in their position that they felt a five-year contract should prevail. Then I again brought these figures of East Paterson and showed them that a one-year contract, which in my opinion should be higher, but in fact, according to their bidding, their one-year contract is always higher than their five - basically, we should have received a much lower bid on the longer term. So they didn't go along with me in that they said that East Paterson was a different city than ours, and then I brought the per capita figures and I brought the density figures and showed them and tried to prove to them that there shouldn't be much difference, if any at all. In fact, according to my calculations, I thought it should be lower, because the density is greater in Paterson and you can collect faster; the truck doesn't move as often as it would in a city of the type of East Paterson.

Q Was it possible in accordance to "notice to contractors" and the bids that were taken - was it possible for a bidder to bid only on a one, two, or three-year basis without also submitting a bid for a five-year contract? A The Chairman of the Board ruled that it wasn't possible, and that's another discussion we entered into. It was my opinion that a man should be allowed to bid on two years, three years, or five years, and then the Board decide--

BY SENATOR JONES:

Q Why did you pick two, three and five? What's the matter with one and four? Is there a reason for that?

A They just picked two, three and five?

Q Who did? A The Chairman of the Board.

Q And he excluded one and four? A He excluded one and four.

Q Well, now, that's Schoen again? A That's Schoen again.

Q Did he do this, or the Committee do it, on the advice of counsel? A We have a very peculiar situation in Paterson. He's our City Counsel and he's the Chairman of the Board also.

Q Chairman of what board? A Of the Board of Public Works.

Q You mean, he's Chairman of the Board and also City Counsel? A Yes, sir. So we are put in an embarrassing position at times because he makes the rulings and he's the head of the Legal Department, so--

Q Has that ever been challenged? A Never. With the exception that sometime at a meeting, when a question comes up that he thinks there may be a legal question, he will withdraw and not vote because he feels there may be a legal hassle later on, but he didn't do that in this particular case.

Q So he interpreted the contract bid specifications to make it two, three and five and excluded one and four? A Yes.

Q He did that in his capacity as counsel? A I don't know what capacity he did it in but he made the decision. Everyone that works for him in his City Counsel Office, I guess has to clear through him, so he has control over the situation - let's put it that way.

Q How many people are on your Board? A Four members of the Board of Works.

Q And you are one? A I'm one.

Q And he's one? A And he's one.

BY MR. GROSS:

Q Now, do you know how many questionnaires were submitted, how many actual bidders attempted to qualify in the City of Paterson on this current contract? A I don't know, but I was told there were more than those that submitted the questionnaires.

Q How many submitted questionnaires? A I think we received five, and that was on February 23rd.

Q And you were told in your official capacity that more than five actually picked up questionnaires? A Yes.

Q And was it the questionnaires which had a requirement therein that a bid would have to be submitted for five years, or one, two-- or two, three and five would not be accepted?

A It was my understanding that they made it very clear that whoever accepted questionnaires they must be able to bid on all three, and that is the way I understand--

BY SENATOR JONES:

Q All three meaning two, three and five? A Yes, sir.

Q So no one picked up the questionnaire and had the impression that he could bid also for one and four? A That is correct.

BY MR. GROSS:

Q Now, would it be true that a bond would be required to be posted for the five-year period as well as for a two or three-year period in the submission of the bid? A That is what the Chairman of the Board directed, that if you couldn't provide the bond under the five, you couldn't be qualified.

Q Now, were any bidders, any of these five who attempted, disqualified? A Three of them were disqualified.

Q And who were the only bidders who were qualified?

A Peter Roselle and Sons, East Orange, and Stamato and Iommetti, joint venture, Lodi.

BY SENATOR JONES:

Q Well, you said five. These are all members of that New Jersey Contractors Association, aren't they? A I wouldn't know.

Q You don't know. Well, I do know.

SENATOR JONES: (Addressing Counsel) These were dues-paying members, weren't they?

MR. GROSS: Yes.

Q Roselle, Iommetti, and Stamato - right? A I don't know, sir.

Q Were they the ones who made the bid? A Yes, they were the two.

Q Who were the two who didn't bid?

MR. GROSS: There were three.

A The three that they rejected.

Q Oh, they rejected them? A They rejected them.

Q Who did they reject? A Cofrancesco Construction Company, Paterson.

Q Are they garbage contractors? A No, they are heavy road contractors and they have a lot of dump truck equipment.

Q So this would have been their first venture in the area of garbage? A Yes, sir.

Q Didn't your bids suggest that they have to have some experience background? A Yes, it did.

Q Well, then, as to that, if you say they have to have experience and they don't have any experience, as to that, they were properly rejected in all due respect to this issue, weren't

they? A Well, that would be a matter of opinion.

Q All right. They never garbaged in another town, did they?

A No, they never did.

Q Well, you stick to yours. I'll stick to mine. Who else?

A C. D. and A. F. Marangi. That was a joint venture, I think, in Paterson.

Q Well, he's an experienced garbage contractor. Why did they reject him? A He couldn't supply the five-year bond.

Q You mean, he didn't have a surety bond? A For five years. You see, these fellows all--

Q I understand. He couldn't supply a five-year bond, he couldn't supply a three. A I think he could supply two and three. The only question where they were disqualified is they couldn't supply the five. The only two who could supply the five-year bond was Peter Roselle and Sons and Stamato and Iommetti. The other three were just knocked out, mostly for bond reasons.

Then you have Ralph Marangi from Upper Saddle River, and one big discussion got in on him--

Q Why did they disqualify him? A Well, they started saying first that he had no trucks anymore, and he showed a statement - he had a statement from, I think, International where they would give him the trucks, and then, secondly, they claimed that he never collected garbage, and they made an issue of the fact that these fellows had never collected garbage of the population of Paterson, which I didn't think was correct either, because I don't think it matters--

Q Well, whatever they said. What about your specs? What did they say? That's the important thing. It's not so much what you think, but what the specs said and whether or not,

in accordance with those specs, it was a proper or improper rejection. That's what I think is important. A I don't have a copy of the specs so I don't know.

SENATOR JONES: Let me see the specs, counsel.

Let me take a look at them.

Q Do your official minutes of the Board indicate the basis for the rejection of these three people, these three contractors?

A Not at length, but a little bit. I can show you that.

Q Well, let me see that and, at the same time, our engineering staff here will show me the specs.

MR. ELAM: This is the specs and this is the agreement.

Q All right. Well, tell us who was it they rejected and why, according to the official minutes of the city. A Can I read from these minutes?

Q Yes. A (Reading) "Commissioner Felice moved that two bidders be declared qualified - Peter Roselle, and Stamato and Iommetti. Commissioner Furrey seconded the motion. Commissioner Felice agreed that all might be qualified but stated that only two of the five had collected garbage in a city with a population similar to Paterson. Commissioner Schoen stated that all those that have returned the questionnaires were responsible people in their own particular field. He also declared that one firm had no garbage collection experience, two had no equipment whatsoever, and one only had seven pieces of equipment. Commissioner Furrey stated that the Board had contacted the bonding companies of each of the three firms which were declared not qualified and were told that they would not write bonds as set forth in the questionnaire."

Q I don't know - didn't any of these contractors ever read that case that Judge Waesch decided in this Court House. They would find some very interesting language in that case. It's on appeal now, but it's a decision of this court and, if they read this case, they would see that, if that case is right in its holding, there is a large area here for discussion in a court room as to their right under the law to do what you are suggesting here has been done.

Q Let me see those minutes. A These are the ones I just read, right here.

SENATOR JONES: Go ahead, counsel. I just want to look at this.

BY MR. GROSS:

Q Mr. Leone, in your official capacity, did you go to the Mayor of the City of Paterson to discuss this matter? A In all this discussion, the Mayor never once called on me to go to his office to discuss this garbage situation.

Q Who is the Mayor? A Mayor Dillistin. So I took it upon myself to call him by phone and make an appointment to go see him and, instead of getting an appointment, we discussed it at large on the telephone and I expressed my opinion that I thought, if he rejected the bid, that we could save a lot of money, and I gave him the population of East Paterson and I gave him the population of Paterson, and I told him about the density and I told him what price they had for a one-year contract. I told him also that I thought, based on the East Paterson figures, we should save a little more than a hundred thousand dollars a year and that, as for bids for two and three years - and made them qualify as to two and three - we could save this money. He

said he would check into it. I didn't hear from him, so about a week or so later, I called him again before he had signed the new contract. I called him again and we went over the same discussion again, and he said to me that he didn't think I was making a very good comparison of East Paterson and Paterson and that he had checked into it with Commissioner Furrey and that Furrey had intimated to him that it was a good contract and that it was for the best interest of the citizens to give out the five-year contract. Then I got a little strong with the Mayor, we were still on the telephone, and I said, "I still think that we could lose nothing but save money if we advertised for new bids and if we allowed people to bid on two years and three years respectively." He then said to me, let's assume that I were right and we save a hundred thousand dollars or more per year for two or three years, what about years four and five? And I answered him, and I said to the Mayor that I didn't think I'd worry about four and five, because I thought by that time we should be able to do something, either putting up our own incinerator or something, to combat this high cost of garbage. That ended there, and a few days later there were cross editorials in different newspapers - he signed the contract for garbage, but never once did he call me in his office to discuss the matter, or ask me what my views were.

Q Did you tell him how you knew that the garbage contract could be gotten for a hundred thousand a year less? A I told him I had checked with various contractors who were qualified to bid, who could get bonds under five years, and who would be very anxious to bid and gave me practically verbal commitments that they could do it for a hundred thousand dollars--

Q Which contractor did you talk to? A I talked to Marangi.

Q Which Marangi? A The one which was disqualified.

Q I notice there were two Marangi's.

SENATOR JONES: They only made one bid. I've got theirs right in front of me. It's Susino, Marangi and Marangi.

A It was the Marangi with Susino who was the gentleman I was-- I think his name is Ralph; I'm not sure.

SENATOR JONES: Well, the names listed are James Susino, Nick Marangi, and Ralph Marangi.

BY MR. GROSS:

Q And you spoke to Ralph Marangi? A I spoke to Ralph and he was very anxious to bid at the time. In fact, at the open meeting, when they disqualified him, he was very much put out.

Q And he gave you a verbal commitment for what? A He said to me that we could save a hundred thousand dollars a year.

Q Each year? A Each year.

BY SENATOR JONES:

Q Is that the reason you wanted to have another bid?

A I wanted to have another bid so that we could see whether or not we could save this hundred thousand dollars.

Q Why did they get rid of this fellow Marangi, Ralph Marangi, Nick Marangi, and James Susino. What was the reason ascribed to him? A Well, I think - I don't know if it's in the minutes - but he didn't have any equipment at the time. He had lost that Clifton contract and, after he lost the Clifton contract, I guess he disposed of his equipment waiting to bid on a new contract, and this was probably one of the ones he was

able to bid on. But he had experience, and then they got into a hassle as to how many people were in Clifton, so I didn't think that was pertinent. There were, I think, seventy or eighty thousand people, and if you can collect garbage for seventy or eighty thousand people population, I think you can collect for Paterson.

Q Well, what is the population of Paterson? A 143,000.

Q So they said a garbageman operating efficiently in Clifton could not, in effect, operate efficiently in Paterson?

A That's what they told him.

Q That's what they told him? A That's exactly what they told them in open meeting.

Q His qualifications to pick up garbage in Clifton were satisfactory, but not in Paterson. A That's right. And that he had no equipment at the time, but he did have a letter that they would give him new equipment and he was financially responsible.

BY MR. GROSS:

Q In other words, he was bondable for two or three years?

A Yes, he was.

BY SENATOR JONES:

Q But not for five. A It is my understanding that they may have been--

Q Answer the question. Never mind your understanding.

A Not for five at that particular time.

Q Well, did they permit him to bid for two and three?

A No.

Q They didn't permit him to bid because of the population factor, is that it? A The five-year bond and that they didn't think he had the necessary experience to collect garbage

in a similar town of Paterson.

SENATOR JONES: Go ahead, counsel.

BY MR. GROSS:

Q Mr. Leone, after your discussions with the Mayor, did he comment further or get in touch with you further in any way?

A No, never.

Q Did you have any discussion with any other officials in the City of Paterson? A Just our board members.

Q And the discussions were the same as you have just described? A Exactly.

Q Is there anything else that you can add at this time for the benefit of the Committee? A Not at this time, I don't have anything else.

BY SENATOR JONES:

Q Did you discuss this with any members of the Committee other than in a public way, this whole problem? A Well--

Q Well, I'll be more particular. Did you discuss with any members of your Board in other than a public sense, did you discuss with them the rejection, for instance, of Marangi; did you discuss with them the award of the contract to Stamato? What I'm trying to get at here is: We've been talking about your official action; now what about your action, apart from official action; did you have any discussions with any of these people? A We still insist when we see one another, and even at that time, that I think they were wrong and they should have allowed other bidders, and the most peculiar part about it is that everyone seemed to want to save the money but when it came to the time where we could have saved money by probably getting a two and a three-year bid, then they all of a sudden decided a five-year was the best.

Q Do you have any reason - is there any reason for that that you know of? A None that I know of.

Q Well, now, in effect, then, the way these specs were drawn, if you weren't able to get a two and a half million dollar bond, is that it, or a three million dollar bond, you couldn't bid? A Exactly. That was my objection.

Q So, on that level, these specifications were so drawn that you couldn't possibly expect that more than, oh, a handful - maybe three, four, or five garbage contractors in the entire State would bid this contract; isn't that right? A That would be so.

Q So that the contracts were so drawn that only a very few could qualify and those very few had to be the big contractors who had the financial background within which to meet this particular qualification? A Exactly. It limited the number of bidders to just maybe half a dozen real big fellows and the little fellows who could save you some money had no way to bid. That was my argument throughout, but they argued that if you couldn't supply the bond for five you weren't allowed to bid on the two or the three.

Q And none of these contractors called that into question as a matter of judicial proceeding? A I have talked to several of them; they feel they should have done it but no one will do anything about it; let's put it that way.

BY MR. GROSS:

Q One other thing, Mr. Leone, the bids have been rejected in Paterson in recent years, haven't they? A Yes, they have.

Q Can you tell us when they were rejected last? I believe the record shows on the award made commencing July 1st, for the

job commencing July 1st, 1956, the two-year award made then, that that bid originally was rejected. A I think that under Mayor O'Byrne there was one rejected, and that could be the one. He rejected the bid, he wouldn't sign the contract, so we re-advertised the bid and we saved money.

Q Now, would this be correct, that on a two-year basis for the award commencing July 1, 1956, the first bid of Frank Stamato Service Company was \$1,010,000, and that, after being rejected, the same company submitted a bid for \$944,000, or \$60,000 less? A I think that's for a two-year period, isn't it?

Q Yes, for a two-year period. A That seems to be correct, because I had in mind about a \$30,000 a year saving.

Q Was there any discussion during this recent current job of rejecting all the bids and trying for rebidding?

A That was my discussion and I think the Chairman made one statement here, if I can find it here. Just give me one minute and I'll find it. It's here, I just saw it. Furrey made a statement. He said that he has been informed - this is the statement that he made when Schoen talked to him about the rising and lower price, because I had made a statement in caucus that most of the people in the community were saving money on garbage in recent years and why shouldn't we save any, and this is when this statement came out. He further stated that he had been informed that 20 garbage contracts recently were awarded in this area, that 16 of them had price increases, and four slight decreases. He said that these are the facts, I checked them and found them to be true, but my mind is still open. Those are the facts that we got into that discussion about, when contracts had gone down in price and up in price. That was the

Q Do you have any reason - is there any reason for that that you know of? A None that I know of.

Q Well, now, in effect, then, the way these specs were drawn, if you weren't able to get a two and a half million dollar bond, is that it, or a three million dollar bond, you couldn't bid? A Exactly. That was my objection.

Q So, on that level, these specifications were so drawn that you couldn't possibly expect that more than, oh, a handful - maybe three, four, or five garbage contractors in the entire State would bid this contract; isn't that right? A That would be so.

Q So that the contracts were so drawn that only a very few could qualify and those very few had to be the big contractors who had the financial background within which to meet this particular qualification? A Exactly. It limited the number of bidders to just maybe half a dozen real big fellows and the little fellows who could save you some money had no way to bid. That was my argument throughout, but they argued that if you couldn't supply the bond for five you weren't allowed to bid on the two or the three.

Q And none of these contractors called that into question as a matter of judicial proceeding? A I have talked to several of them; they feel they should have done it but no one will do anything about it; let's put it that way.

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statement he made.

Q That's all. A Do you want any of these minutes?

SENATOR JONES: Yes, leave them here. I want to review them.

BY SENATOR JONES:

Q I don't understand why this Marangi-Susino group couldn't get a five-year bond. Susino submits a statement of liabilities which show assets of over a million dollars. Did you know that? A We know it and, in fact, the Chairman made a statement that they were all financially able. The one thing that I wanted to mention before was this, that it my understanding that, as far as the five-year bond, the bonding companies wanted time to check further; in other words, it wasn't that they couldn't get it if they were awarded the contract, I don't believe; it was that they didn't have it at that particular moment. But, as you can see, with those financial statements, as I made a statement, they certainly should have been qualified financially.

Q All right.

BY MR. GROSS:

Q One other thing, Mr. Leone: Was the City of Paterson at one time done, as to garbage collection and disposal, by the municipality itself rather than privately? A Yes, sir.

Q When was the last time? A I don't remember the year, but it was when Stamato obtained the first contract.

Q That would be July 1, 1950? A It was during Mayor DeVito's administration. It should be further back than that, I think.

BY SENATOR JONES:

Q Who did Stamato theoretically take this bid away from?

A Originally?

Q No, this past one. Who were the people who were doing the garbage in the town prior to this Stamato-- A Stamato himself, individually.

Q And what was the term of his contract? A What was the term? Two years, wasn't it?

Q Now, when Stamato bid the second-- did he have a contract prior to that time, too? A Yes, he did.

Q How long has he been in Paterson? A Ever since it originated. I can try to figure back for you. Well, it must be about 15 years or more.

Q He's been picking up garbage in Paterson for 15 or more years? A In that neighborhood.

MR. ELAM: Since about 1948.

SENATOR JONES: Since 1948?

MR. ELAM: 1948 or 1949.

SENATOR JONES: Well, that's 12 years.

Q Did he have any joint ventures prior to this contract which goes into effect? A He never did, and it was told to me that they didn't originally accept this questionnaire as a joint venture; they were gotten out individually.

Q Well, that's what I want to get to. They started out, you mean, that they both applied for their bid and questionnaire on a separate level and basis? A That is my understanding from the City Clerk.

Q And, thereafter, they came in as a joint venture?
A It was a surprise when we received the questionnaire; it was a surprise to me to see them as a joint venture when he had had

these contracts alone all the time, but that's the way it was entered.

BY MR. GROSS:

Q What was the reason for the change in 1949 from municipal collection to private collection? A That, I wouldn't know.

Q What has happened since to costs, since that time?

A They have increased tremendously.

BY SENATOR JONES:

Q Well, now, do you know what the per capita cost was on the contract that will expire on Friday and what the per capita cost will be on the new contract for the next 5 years?

A It will be about the same.

Q About the same.

SENATOR JONES: Anything else?

MR. GROSS: That's all.

THE WITNESS: Do you want me to stay around?

SENATOR JONES: That's up to you.

Do you want to take a five-minute recess?

(R E C E S S)

F R A N K S T A M A T O, called as a witness, being duly sworn, testified as follows:

MR. MURRAY A. LAIKS: May I make a short statement, please?

SENATOR JONES: Just a minute. Just a minute, we will let you make a statement.

BY SENATOR JONES:

Q Where do you live, Mr. Stamato? A 1 Pearl Brook Drive, Clifton, New Jersey.

Q Are you here represented by Counsel? A Yes, sir

Q And who is that Counsel? A Mr. Murray Laiks.

Q Is he present at this time? A He's here.

SENATOR JONES: Mr. Laiks, do you want to make a statement to the Committee?

MR. LAIKS: May I, sir?

SENATOR JONES: Please do.

MR. LAIKS: Senator Jones, I have Mr. Stamato here. He was subpoenaed at two o'clock yesterday. I was told that there was certain information that this Committee would like from Mr. Stamato. In the short period of time we have gathered together the things that we were told that this Committee would like. I would like to indicate that there wasn't too much time to do too good a job but we tried to get what you asked for and we are appearing on short notice out of respect to you and the Committee.

r.

SENATOR JONES: Thank you. And, Mr. Laiks, you can be assured that if there is anything that Mr. Stamato is asked that he feels uncertain about, for the want of a record or the like, - you can be assured that he will be given an opportunity to get the record, take a look at it, produce it in court at another time, and at a time that will be more in keeping with enough time for him to do as you suggest he wants to do, that is, to get all the material that the Committee wants.

MR. LAIKS: Thank you.

SENATOR JONES: Go ahead, Mr. Gross.

BY MR. GROSS:

Q Mr. Stamato, you are in the garbage contracting business? A Yes, sir.

Q One of your businesses? A That's right.

Q Under what company - what firm name do you operate? A Frank Stamato Service Company.

Q What business does Frank Stamato & Company do? A Road construction, sewer, water.

Q The Stamato Service Company is concerned with garbage collection? A That's right.

Q Are you interested in any other garbage collection company? A Yes.

Q Which one? A Jersey Sanitation Company.

Q Now, are both of those companies engaged in performing garbage services for municipalities?

A Yes, sir.

Q Are both members of the New Jersey Municipal Contractors Association?

A Yes, sir.

Q What municipalities has the Stamato Service Company serviced in the past years?

A Paterson, Clifton, Lodi, Saddle Brook, Hoboken, Garfield, Passaic, Wallington, Rochelle Park. I believe I got them all.

Q And what municipalities has Jersey Sanitation?

A New Brunswick, East Brunswick and South Amboy.

Q Now, Stamato Service Company is a relatively old company, isn't it, as compared to Jersey Sanitation?

A Yes.

Q How long has the company been in business?

A Frank Stamato Service Company, I believe since about 1950.

Q And who are these stockholders?

A My brother Pat and my brother Vito, who since retired. He's gotten out. And myself.

Q And who are the stockholders in Jersey Sanitation?

A George Katz, myself, my brother Pat.

Q With equal 33% shares?

A No. He's got -- George Katz has got 50%.

Q And the other 50%?

A The Stamatos have.

Q You and your brother.

A That's right.

SENATOR JONES: You are talking as of the present time, Mr. Stamato?

THE WITNESS: Yes, Senator.

Q Can you tell us what dues are paid by the Stamato Service Company to the New Jersey Municipal Contractors

Association?
it's \$200 a month.

A If I recall right, I believe

BY SENATOR JONES:

Q Now, what was that based upon? one percent of your gross income at one time?
A No, half of one percent.

Q Well it's a half of one percent now but originally it was one percent, right?
A I believe it was.

Q It is now a half of one percent. In other words, for the purposes of illustration for the Committee, if you did \$5 million worth of business in one year - I don't know whether you did or you didn't - but if you did \$5 million worth of gross business for one year, at the time the one percent rule was in effect you would pay one percent of the \$5 million to the Contractors Association.

A That's right.

Q Today, using the same example, the percent has been cut down to a half so you would pay a half percent.

A That's right.

Q And you are currently doing that right now.

A Yes.

Q So that in effect, on this Paterson contract, which will go into effect on July 1 of this week, you will pay a half percent of that gross contract, as your dues, to the New Jersey Contractors Association.

A Let's see if it works out that way.

Q Well that's what you just told me. A It's approximately \$600,000 - oh, let me see, a half would be

three -- no, it wouldn't be that much, I think it's a quarter. I think it's a quarter.

Q You mean that there's a new rule now that it's down to a quarter? A Well they've cut it down. What they do is --

Q Our records indicate, just to be fair with you as a witness, Mr. Stamato, -- our sworn testimony to date -- and I am not saying that you shouldn't change it but I am just telling you where we are -- our sworn testimony to date indicates that it was one percent for some period of time, a year or so, and then it was changed because they had money on their hands - it was changed to one-half percent. We don't know that there has been any change in the half percent rule so far.. Now you testify from there.

A Yes, sir. Well, that's what it is. That's what it must be.

Q All right. Well then if that's what it is, unless there has been a change, then you will be paying a half percent on this Paterson contract to the Association and on other gross work that comes in. A That's right.

Q All right. So there is a half percent of this Paterson Contract that will go to the Association for Association purposes and objectives? A That's right.

SENATOR JONES: O. K. Let's get on.

BY MR. GROSS:

Q Now the Jersey Sanitation Company was formed in

what year? A I believe it was 1956.

Q George Katz was not one of the original stockholders, was he? A No, he was not.

Q Who was your original partner in Jersey Sanitation? A Mr. Jules Turaneo.

Q Of Teaneck? A That's right.

Q Will you describe the transaction by which George Katz took over Mr. Turaneo's interest in that company?

A Well Mr. Turaneo is a sick man. He's got a heart condition and he wanted to get out. He found that it was a rough job, the hours were too much and the work was too strenuous for him, so he asked me if we knew of anybody who wanted to come in and buy him out. So I spoke to George Katz that day he spoke to me - he was talking to Mr. Turaneo and he would love to buy his 50 percent out. So he did. Mr. Katz had no money with which to buy him out so he went out looking for financing.

BY SENATOR JONES:

Q We did, did you say, or he did? A He did. He went out looking for financing to buy Mr. Turaneo's 50 percent of Jersey Sanitation. So he found someone on financing but they wanted a guarantee. His credit wasn't so good. They wanted a guarantee that he would pay. So he asked me whether or not I would guarantee the people that was loaning him this money his payment, which I agreed to and which I did.

Q You lived up to the guarantee, you mean, or did you just guarantee? A I guaranteed.

Q It wasn't necessary for you to live up to your guarantee?
A Well so far he's paid.

Q Oh, I got the impression that --

A So far he's paid. He still owes some more money.

Q All right. Now, how much did he borrow and how much did you guarantee?
A He borrowed

\$21,500 and I guaranteed the whole \$21,500.

Q And he didn't have any money of his own?

A He didn't have no money.

Q So the sales price or purchase price from Turaneo to Katz was \$21,500 and you guaranteed the --

A I guaranteed the \$21,500. The sales price, I think, was \$30,000.

Q \$30,000. Well then he had \$9,500 of his own.

Where did he get that?
A Well there was -- no, he didn't have any money. It was a transaction where it was borrowed from the company.

Q What company?
A From Jersey Sanitation.

Q He paid \$21,000 and borrowed \$9,500 from Jersey Sanitation, which he also made a part of the purchase price of the stock.
A All I know is he borrowed

\$21,500 and that's what he put in.

Q But he borrowed the \$21,500 from another person.

A That's right.

Q Do you know who the other person was? You must, you guaranteed the person.
A Yes, it was a

client of Heller & Laiks.

Q Well now, who was that?
A I wouldn't know

his name.

Q Am I to understand, Mr. Stamato, that you guaranteed to pay someone \$21,500 in the event of George Katz's default and you don't know his name?

A I don't know the party's name that loaned the money, offhand. You would have to get that from Mr. Heller or Mr. Laiks.

Q Well he's the man that you made the guarantee to, isn't he? A Well, yes, through Mr. -- through Heller & Laiks' office.

Q You had no personal relationship with this man that you guaranteed? A No.

Q Was he acting in his own behalf or in someone else's behalf or in behalf of the corporation?

A He was represented by Heller & Laiks also.

Q No, but who was he acting for? Heller & Laiks was representing him, I understand that. Who was he acting for? A Mr. Katz.

Q When he loaned the \$21,500 to Katz, who was he acting for? himself? or someone else? or for a corporation? A Oh, I wouldn't know.

Q You don't know that? A No, I wouldn't know.

SENATOR JONES: All right. Go ahead, Counsel.
BY MR. GROSS:

Q So at any rate, Mr. Stamato, George Katz made no initial cash outlay of his own to acquire 50 percent of the Jersey Sanitation Company. It was borrowed money.

A He borrowed the money and put it into Jersey Sanitation.

Q And the other cash requirement to make up the \$30,000 was a loan from Jersey Sanitation itself? A It was a transaction that the accountants took care of. I don't know how they worked it out.

Q So there was no cash outlay that had to come forth from Mr. Katz himself? A No. All he borrowed was \$21,500.

Q Now from the inception of the company, from the inception of that period when George Katz took over this 50 percent interest, did Mr. Katz take a salary?

A Yes.

Q How much salary? A \$500 a week.

BY SENATOR JONES:

Q Now, let me ask you this? The \$30,000 - and this transaction was in what year? A Let's see, just about 1957.

Q 1957. A Yes.

Q And what is the current status of the debt, the \$9500 to Jersey and the \$21,500 to Mr. X, the Heller & Laiks client? A I would have to check that up.

Q It's current but you don't know if it's --

A I presume it's paid but I would have to check it up.

Q Paid in full? A I imagine so.

Q You don't know. A No because he borrowed some more money later on.

Q Well, I would like you to determine that for me at our next meeting. A Right.

SENATOR JONES: You make a note of that, will you, Mr. Laiks.

Q So the corporation upon his acquisition of 50 percent of the stock in 1957, for which there was no cash outlay, began to pay him \$500 a week. A After he bought the stock and put in the \$21,500, then he started working and started drawing \$500 a week.

Q And is that true up to and including the present time? A It still is. That's right.

SENATOR JONES: Go ahead, Counsel.

BY MR. GROSS:

Q Do you take any draw from that company?

A Yes.

Q Over and above expenses, actual expenses, there is an actual draw in salary that you take? A That's right.

Q How much is that? A It's broken up between my brothers and myself. I think mine -- I'm not sure, I've got to check it up -- together the three of us are drawing \$500 a week also.

BY SENATOR JONES:

Q Which you divide up in some way between yourself, a third each? A That's right.

BY MR. GROSS:

Q Now, you've known Mr. Katz for a long time, I gather, haven't you? A Yes, sir.

Q About how long? A Oh, I would say about 15 years, 18 years.

Q And you purchased tires from him when he had his tire business, Metropolitan Tire? A Yes, sir.

Q And that business, Metropolitan Tire, was located in Paterson? A That's right.

Q Did you purchase substantially all of your tires from Katz? A Yes, he did quite a bit of business with us.

Q Were you fairly familiar with his activities? A No.

Q You were one of his principal customers, I gather? A Yes, between Braen, myself and a few others, contractors.

BY SENATOR JONES:

Q What Braen? A Samuel Braen.

Q Sam Braen? A Yes.

BY MR. GROSS:

Q Did you know that Mr. Katz was permitting John Serratelli of the local union, garbage union, to use his Thunderbird automobile for a year?

A No, I didn't know that.

Q During 1957? A Nope, I didn't know that.

Q Did you know that Mr. Katz has testified to this effect before this Committee on February 3, 1959, that Mr. Katz employed John Serratelli, head of the local union, for 34 weeks at a hundred dollars per week?

A I didn't know it until I read it in the transcript.

SENATOR JONES: Well that's fair enough.

Q Did you ever socialize with George Katz?

A Nope, outside of going to the races once in a while.

Q Did you know that in any way Mr. Katz was associated directly with John Serratelli?
A No, I did not know it.

Q Didn't you see or didn't you know that Serratelli introduced Mr. Katz to the Association of which you are a member?
A He might have. He might have. I don't recall though.

Q And that Katz sold tires to practically every member of that Association?
A I don't know whether he sold tires to every member of the Association or not but I know I bought tires from him.

BY SENATOR JONES:

Q Is he still in the tire business, Mr. Stamato?
A I don't believe he is.

Q He's out?
A I think he is, yes.

Q What is he now, a garbage man?
A Just running the Jersey Sanitation contracts.

Q He's running those three contracts?
A He's taking care of that, yes.

BY MR. GROSS:

Q Did you ever engage in any business transaction with John Serratelli?
A Oh, yes. We've had quite a few arguments. In fact, one time we had a strike. He wouldn't come near my barn for about six months.

Q I am talking now about actual business transactions between the two of you or between him and one of your companies.
A If I recall, at one time I sold him three trucks, and another time I bought a car

from him.

BY SENATOR JONES:

Q Is this Serratelli? A That's right.

BY MR. GROSS:

Q Now you say you bought a car from him?

A Yes.

Q When was that? A Oh, that's going back quite a few years, maybe about 1950, 1951, somewhere in that neighborhood.

Q Did you ever have any business transaction with Richard Serratelli, John Serratelli's son?

A I don't believe I have, no. I don't believe I have.

Q With respect to an automobile? A I don't believe I have.

Q How much did you sell those three trucks for to John Serratelli? A I would have to check the records on that. I would be guessing unless I checked it.

SENATOR JONES: What was that question?

MR. GROSS: We are talking about the three trucks that Mr. Stamato sold to John Serratelli.

Q What year was this? A I think it was somewhere around '57, 1957, maybe '58.

Q Did you wonder at all why John Serratelli was interested in purchasing garbage trucks since he was head of the Union? A No. He's in that position, knows all the garbage contractors, maybe somebody wanted to buy some trucks and he figured he'd buy them and sell them.

Q Well you know the market for garbage trucks pretty well too, don't you? A Oh, I don't go out and solicit business on selling trucks. I don't do that.

Q Was this something that John Serratelli did often, to your knowledge? A No. That's the first time he ever did it with me, and the last.

Q Did you know specifically to whom John Serratelli was about to resell those trucks? A I found out later that he sold them to a White, Mr. White.

Q Well he said, and the testimony is before this Committee, that he sold one to White Bros., contractors, and two to Fereday & Meyer. Do you know what price he resold them for? A No. I was told - I think I found out in the transcript but I don't recall how much it was. It's in there.

Q For your benefit, the testimony before this Committee is that the trucks were purchased from you for \$4500 each and on the same day resold to two other contractors for \$7500 each, a profit that day of \$9,000.

A Well that's it then.

Q And you say you have no knowledge of this transaction, that is that he was about to resell those trucks to specific contractors. A Well, I had an idea that he was going to sell them but I didn't know to whom.

Q Did you give him a price lower than market value at that time for your trucks? A No. In fact, \$4500 apiece - I just sold four or five trucks, three years old - one was sold for \$4300 and another for \$4,000. It

all depends on the condition of the trucks.

BY SENATOR JONES:

Q Well, let me ask you this, then: Was your sale to Serratelli - was that an arm's length transaction?

A What do you mean, Senator?

Q Well, was it a reasonable price? Was it what a willing buyer and a willing seller would purchase the truck at?

A Yes. I think my price was reasonable.

Q You think your price was right.

A That's right.

Q You don't think the truck was worth very much more than \$4500 and you don't think that it was worth very much less than \$4500.

A That's correct.

Q As far as you were concerned it was a good transaction, that you were reasonably treated as a seller and he was reasonably treated as a buyer.

A That's correct.

Q You made a good sale, he made a good buy?

A That's right.

Q Well then as it relates to Fereday & Meyer, and as it relates to White, on the same day, the same truck, their purchasing it for \$7500, - Serratelli made a tremendous profit and they made a very poor buy. Isn't that right?

A That's right.

SENATOR JONES: O. K.

BY MR. GROSS:

Q Do you know how old those trucks were, offhand?

A I think, now I am not sure, usually I turn them in

every three years. I get rid of them, I sell them every three years. It might have been about a three year old truck, possibly a four.

Q What could a new truck be purchased for at that time with an appropriate discount for a contractor?

A Oh, at that time a new truck a few years ago - a new truck would be bought for about thirteen - fourteen thousand dollars.

Q With an appropriate discount allowed?

A Yes.

Q Now, have you had any transactions with Mr. Katz and your Frank Stamato & Company?

A He sold us

tires.

Q Aside from selling tires?

A You mean,

bought any equipment or anything like that?

Q Well, have you brought the checks which were requested?

A Oh, yes. You mean, made a loan once in a while, yes.

Q Do you have those checks?

A Yes, I

have. Which one do you want?

Q I want all of them. (Checks handed to Counsel.) Mr. Stamato, pursuant to our request you have produced here three checks dated September 18, 1957, from Frank Stamato & Co. to George Katz, - #4628 for \$8,000; #4629 for \$11,000; #4631 for \$2500; all on September 18th.

A That's

right.

Q Will you tell us what those checks were for?

A These checks were for the moneys which I received

from Heller & Laiks amounting to \$21,500 and deposited to our account.

BY SENATOR JONES:

Q Is the total of those checks \$21,500, Mr. Stamato?

A That's right. \$21,500 deposited. I received a check on September 18th, 1957. That was deposited to the account of Frank Stamato & Company. And the same day these checks were drawn out to Mr. George Katz.

Q Well, who gave you the \$21,500?

A Mr. Laiks' office.

Q Was that by check? A Yes.

Q Where are those checks? A I haven't got those checks.

Q Who made out the check? Mr. Heller? Mr. Laiks? the partnership? or were the checks made out by the --

A I don't recall.

Q You don't recall. A No, I don't recall.

Q And they were dated what date? A These checks or the other check that I got?

Q The \$21,500. A The same day.

Q In other words, the check that you received for \$21,500 was deposited and dated on the day that you drew these checks amounting to \$21,500 to the order of George Katz. A That's right.

Q Now tell me what that transaction was all about, Mr. Stamato? A Well, when I received the check - you see, I guaranteed the account.

Q Right. A So the check was made out

to me for \$21,500, to Frank Stamato & Company who guaranteed the account, and then the checks were made out to Mr. Katz, one for \$11,000 - and I see where he gave this check to Mr. Turaneo for \$11,000; another one for \$2500 and George Katz - he got this, whether he deposited it or cashed it, either one of the two; and another check for \$8,000 which was put into the account of Jersey Sanitation Company. It amounts to \$21,500.

Q May I see them, please? (Checks handed to Senator Jones.) Well, all this proves is that Stamato & Company disbursed on that day \$21,500. A That's right. And this proves that Stamato & Company deposited or made a deposit of \$21,500.

Q Right. Now what we don't know is where the deposit came from. We know the date. And we don't know what the deposit was for. What was that \$21,500 that you got - what was that for? A That was a check I received from Heller & Laiks.

Q Yes. For what? A For the account that I am guaranteeing. In other words, they wouldn't give the check to Mr. Katz.

Q Why not? A Well, I don't know. They wanted me to guarantee his account, that they'd get their money back. So evidently I signed, we guaranteed the note. So a check was made out to Frank Stamato & Company for \$21,500, and here's the day it was deposited, right on the same day. If you want, you can see it there (indicating.)

Q All right, thanks. Well then these are the checks that were used in the purchase of the Katz' interest in the Jersey Sanitation? A Right. Then he used the money the way he was supposed to disburse it. He had to pay Mr. Turaneo, he had to pay -- in other words, instead of giving him the check they gave me the check and I disbursed the money.

Q Well now, how much did you disburse? You disbursed eight -- A All of it, \$21,500.

SENATOR JONES: All right. Go ahead.

BY MR. GROSS:

Q Well actually, Mr. Stamato, would it be correct that you were the principal maker of this note for the purpose of procuring this loan and that Katz endorsed?

A No, no. I endorsed it. Katz paid for it. I guaranteed it.

Q But the money went directly to your Company.

A That's right.

Q The money that came to Frank Stamato and Company, was that money made out to Frank Stamato and Company and George Katz or just Frank Stamato & Company?

A I think it was just Frank Stamato & Company. It was deposited the same day.

Q So that no advance was ever made on account of this loan to George Katz. A Well he got the money.

Q Except through you. A Yes, he got the money.

BY SENATOR JONES:

Q He got the money, but as it relates to all of these checks he doesn't appear to be a principal, he's a conduit. It's an unusual method of bookkeeping, to say the least.

A Well, I relied on my attorneys and my accountants. I don't run that department.

SENATOR JONES: Go ahead, Counsel.

BY MR. GROSS:

Q Now how was this loan paid back, Mr. Stamato?

A I would have to check that. I think he paid back \$1,000 a month. I am not sure. I would have to check that up.

Q Well how is that money paid back? from Jersey Sanitation?

A No. Mr. Katz paid that back.

Q He pays it back personally?

A That's right.

BY SENATOR JONES:

Q By check?

A I imagine so. Whether

he paid by check or by cash, I wouldn't know.

Q Well, he's paying you, isn't he?

A He's what?

Q He's paying you, isn't he?

A Yes. Any

time he borrowed money from me he's paid me back.

Q Well I know, but this \$21,500, he's paying you now, isn't he? He's not paying the fellow who loaned

him the money.

A No. How could he be paying me.

Q That's what I want to know. He's not paying you?

A No.

Q He's paying Mr. X, the Heller & Laiks' client?

A That's right.

BY MR. GROSS:

Q Mr. Stamato, I show you a check, #5191 - Frank Stamato & Co. - dated March 6th, 1958, showing a disbursement to George Katz in the sum of \$19,500.

Will you explain that transaction? A That was another loan he made and which he is paying off. And I saw George last night and he told me he still owes about fourteen or sixteen hundred dollars on it.

BY SENATOR JONES:

Q What was the loan about? within your knowledge.

A Well, he borrowed \$19,500.

Q From you? A No, from the Main Investment Company.

Q And what did you do? A Nothing. I guaranteed the account.

Q You guaranteed the account? A That's right.

Q Well how does he borrow \$19,500 from the Main Investment Company and you make him out a check for \$19,500, which he endorses in blank? Are you telling me, in effect, that he borrowed \$39,000, then?

A This was about six months after - six or seven months after.

Q And what did he do? He borrowed this from you to pay off the Main Investment Company? A No. He borrowed from Main Investment Company.

Q When? A What's the date of that check?

Q March 6th, 1958. A That's when he

borrowed the money.

Q From the Main Investment Company. A That's right.

Q Well what did you give him a check for? So he got \$19,500 from the Main Investment Company, right?

A Right.

Q And he got another \$19,500 from you.

A No. The same transaction was handled by the firm of Heller & Laiks, Senator, and that's the way they handled the transaction.

Q Well, I know, but if that's your answer and you can't answer any more why we will have to stand upon your answer but what I am trying to determine is - from what you testified to, he got \$19,500 from the Main Investment Company and apparently on this same day he got \$19,500 from you.

A I got \$19,500 from the Main Investment Company which I deposited on this date and then I made out a check to George Katz for \$19,500. So he only borrowed \$19,500 but I guaranteed the account.

Q You didn't guarantee the account, you paid the debt.

A No. He borrowed \$19,500 --

Q And you gave him \$19,500. A -- and I gave him \$19,500. So I didn't pay nobody's debt. I received and I gave, all at the same time. And here it is right here. Here is where the deposit of \$19,500 was made into the account.

Q You got \$19,500 from the Main Investment and you gave \$19,500 to George Katz. A That's right. And a check was made out to George Katz.

Q Then Katz wasn't the borrower. A He borrowed the money. I guaranteed the account.

Q No, he didn't borrow, you borrowed - you took \$19,500 from Main Investment. A I merely guaranteed the account, Senator. That's the way the firm of Heller & Laiks made this transaction and that's the way I did it.

Q Well, I don't want to get into any circumstance where you are acting on advice of Counsel but just let me -- A Oh, he hasn't advised me on this.

Q He hasn't advised you? A No. That's the way I did it. That's the way it was done.

Q All right. Well just let us get it straight for the record, the way it was done, and let's leave Heller & Laiks out of it. A I can't leave them out of it. That's the way they did it.

Q Well now, which is it? You take it either way. All I am trying to find out is what happened. Did they do it or didn't they do it? A Senator, when this loan transaction was made it was made through the firm of Heller & Laiks.

Q Right. I understand that. Now, let me just spell this out and we will leave it rest for the time being. As I understand it, George Katz was in need of \$19,500. Is that correct? A That's right.

Q All right. We'll start with that. That's number one. Number two: The Main Investment Company gave you \$19,500 which you deposited in your account. Right?

A That's right.

Q Number three: You drew your check, which you have submitted here, in the amount of \$19,500 and made it payable to the order of George Katz.

A Exactly.

Q George Katz negotiated that check and got the \$19,500. Right?

A That's right.

Q So there is no existing transaction between the Main Investment Company and George Katz, is there?

A Oh, I think there is. Yes. He signed papers and notes and everything and I endorsed them.

SENATOR JONES: All right. That's enough for now. We'll get those papers. Go ahead.

BY MR. GROSS:

Q Does Mr. Katz spend full time at Jersey Sanitation? Is that his business now?

A I think that's his only business right now.

Q The Metropolitan Tire is out now?

A Yes. I think he's out of there.

Q And so far as you know, Mr. Katz' only source of income is Jersey Sanitation Company.

A As far as I know, yes.

Q Have any dividends been paid?

A Well, he has been drawing - we've been drawing moneys out.

Q He draws \$500 a week --

SENATOR JONES: According to the testimony up to now they take \$1,000 a week out of Jersey Sanitation. Katz takes \$500 and they take \$500 divided by three.

THE WITNESS: That's right.

Q In addition to that, have there been any moneys, any dividends paid? A Why it's a pseudo corporation. If he takes out \$2.00 I take out \$2.00. Whatever he takes out I take out.

Q That has been \$500. A That's right.
BY SENATOR JONES:

Q You mean that you are incorporated under the new provisions of the -- A Internal Revenue Department.

Q -- Internal Revenue Act that created a pseudo corporation? A That's right.

Q Is that what you mean? A That's right.

Q That's got nothing to do with the way you take \$2.00 out and he takes \$2.00 out? A Well, I'm not going to let him take any more than me out.

Q All right. A If there's any splitting up, we split equal.

Q Well, what Counsel is trying to find out is, a very simple thing, - you testified to \$1,000 a week going out of the Jersey Sanitation Corporation for salaries. Now anyone that knows as much about finance as you do, particularly corporate finance, you know that in addition to taking salaries it is possible to take bonuses out of a corporate; you also know that it's possible to take dividends; and you also know that you are entitled to expenses, travel items, business items and all the rest. Now, what Counsel wants to know is, in respect to all of

these categories, how much money is taken out in each category, if any?

A Oh, yes. There's money taken out. I would have to look up the records and tell you how much.

Q You don't know now. A Offhand, no.

Q All right. But that is an accounting record that you have as part of your accounting proceedings with this corporation.

A That's right.

Q All right. Get those records and bring them in and we will take a look at them.

A All right.

SENATOR JONES: Go ahead, Counsel.

Q But you say, Mr. Stamato, as a guarantor of these notes, that the note underlining these checks of \$21,500 on September 18, 1957, is now fully paid?

A I think the \$21,500 is fully paid but the \$19,500 he's still paying to the finance company.

Q And he owes about how much did he say last night?

A Between \$1400 and \$1600.

BY SENATOR JONES:

Q What did he want that \$19,500 for?

A Oh, he had a lot of obligations and he owed a lot of people money.

Q Money for what? A I don't know. His tire business was going bad, I suppose he owed the tire company, he owed quite a few people and he wanted to clean them up. They were all bothering him. He was losing his home. He needed money to pay his mortgage, I suppose.

Q Are you supposing or are you telling me?

A Well, I knew at one time that they were going to foreclose on his house. He was in a mess. He owed everybody money. And he came to me and he said, "Frank, any possible chance of borrowing \$19,500?" And I told him, "I can't give it to you." So he went to the Main Investment and he borrowed it over there and I guaranteed it.

BY MR. GROSS:

Q So that so far as you know, he's paid back in about a two and a half year period from this salary of \$500 a week, he's paid back about \$38,000?

A If those are the figures. I would have to check it.

Q Now you have given some other moneys to Mr. Katz too. Right? A Yes.

BY SENATOR JONES:

Q You are pretty kind to this fellow, Mr. Stamato.

A Well, he's a good man.

BY MR. GROSS:

Q Did you ever take any security, any collateral for these loans? A No.

Q You have no collateral of any kind.

A No. I realize he's in business with me, I always had him, I just wouldn't --

BY SENATOR JONES:

Q He's a good man. A I could get him on the checks that he gets every week, this \$500.

Q He's a good man. You ought to loan him a lot of money without collateral. A He's proved to me he's good. He's been paying. I didn't get stuck yet.

BY MR. GROSS:

Q I show you a check dated July 7, 1959, Frank Stamato & Company, #7331, to George Katz for \$8,000, Mr. Stamato. Can you explain that? A That's a loan which he still owes the Company.

Q A loan from what company? A Frank Stamato & Company.

Q Do you charge any interest? A No.

BY SENATOR JONES:

Q Are you charging any interest on these other matters? A Which matters?

Q Oh, no. This is a direct loan. A This is a direct loan.

Q No interest on this \$8,000 loan? A No.

Q What date?

MR. GROSS: July 7, 1959.

Q What was that \$8,000 for? A I don't know what he did with it.

Q Well, was this -- you testified the \$19,500 was in the area of mortgage, debts, the tire business - what was this, if you know? A I imagine the poor fellow -- he was really in debt. He's just coming out of it now. He needed the money so I loaned it to him.

Q He didn't tell you what his problem was? A No.

BY MR. GROSS:

Q That check isn't marked "loan", is it, Mr. Stamato? A Let's see. Yes, it's marked "loan".

Q Where is it marked "loan"? A It's not on the check but it's in the books as a loan. There's no markings on the check at all.

BY SENATOR JONES:

Q Your stub will show it as a loan?

A Maybe the stub will show it, I don't know.

BY MR. GROSS:

Q I would like to see it in the books. A Yeah.

Q Did you take a note from Mr. Katz for \$8,000?

A No.

Q You took no note? A No.

Q Did you take any kind of a writing from Katz to indicate that he owed you \$8,000? A No. I always loaned him money. He always paid me back. I loaned \$2,000, sometimes \$3,000, \$1,000, - he always paid back.

Q You submitted various financial statements to the City of Paterson with respect to their requirements in bidding. Correct? A That's right.

Q Did you at any time list \$8,000 accounts receivable from Mr. Katz as an asset? A Well Frank Stamato Service Company bid that job and this loan was made out from Frank Stamato & Company.

Q Haven't you submitted personal statements on your bids? A I might have. I might have.

Q Well, Mr. Stamato, when there were other checks in lesser amounts to Mr. Katz - for instance, I show you #4804 dated November 1, 1957 to George Katz from Frank Stamato & Co. for \$2,000 which is designated "loan" on

the face of the check. Is that correct? A Yeah, this one is designated "loan," that's right.

Q Is there any reason why you didn't designate "loan" on this \$8,000 check? A I wouldn't know why because I don't write the checks out. The bookkeeper writes them out. And why he put "loan" on one and not on the other, I wouldn't know.

BY SENATOR JONES:

Q It's your money, isn't it? A Yeah, that's right.

Q Your widow would be in tough shape if something should happen to you rather rapidly. A Well, Senator, if something happens I think Heller & Laiks can really take care of my estate.

Q Well, all right. I certainly can't say that they couldn't although -- but I would suppose, knowing them as I do, they certainly could but the important question is the fact that this is not ordinary bookkeeping. The important thing that is indicated to me is that in a dispute situation a dispute could be created where just simple ordinary bookkeeping would clearly evidence the debt.

A Well the bookkeepers and the accountants, they've got it right in the books.

BY MR. GROSS:

Q Do you have the check stub, Mr. Stamato?

A Yes. Mr. Laiks' has got it.

Q Mr. Laiks has handed to me a check stub of Frank Stamato & Co., and referring to #7331, July 7, 1959, an

\$8,000 figure to George Katz, would you indicate where a loan is marked or described? A It's not marked here.

Q There's no place where it's marked, is there?

A It's in the book. It might be in the book.

BY SENATOR JONES:

Q Who is your accountant, Mr. Stamato?

A Charles Yedwab.

Q Is he a certified public accountant? A Yes.

Q Where does he practice? A Paterson, New Jersey.

BY MR. GROSS:

Q Do you have the check stub for a \$2,000 check on October 31, 1957, which is marked "loan" on the check? Do you have that stub?

MR. LAIKS: What number is that?

THE WITNESS: 4804.

MR. GROSS: 4804.

Q I show you that stub, 4804, to George Katz, \$2,000, which has "loan" written on the check, and I see that it does have "loan" on the check stub. Is that correct?

SENATOR JONES: Are you back on the \$8,000?

MR. GROSS: No. This is the \$2,000 that was marked "loan" on the check.

A Yeah, this one is marked "loan".

BY SENATOR JONES:

Q On the stub too? A Yes.

BY MR. GROSS:

Q There is no place where there is any description of "loan" or any similar way to show an obligation on the part of Katz to pay that \$8,000, is there? A Well, when they wrote the check out -- see, I don't write these checks out, I just tell the bookkeeper --

Q Well, you sign them, don't you? A That's right. I tell the bookkeeper to make out a check for George Katz for so much, which is a loan. Whether he puts it on the check, I wouldn't know.

Q Now, Mr. Stamato, I show you your financial statement dated September 17th, 1959 - the signatures appears to be February 15, 1960, - submitted in connection with the City of Paterson bid. Is that your financial statement? Is that there your signature?

A That's right.

Q And that is the financial statement which you submitted to the City of Paterson in connection with the recent bids?

A That's right.

Q And your signature is dated - what date?

A February 15th, 1960.

Q Do you have any assets listed under notes receivable or accounts receivable? A Frank Stamato, personally? Let's see if he has. "Cash in banks - \$500. Securities --

BY SENATOR JONES:

Q That's all you've got \$500 in the bank?

A It varies, Senator. "Securities - \$42,000 --

SENATOR JONES: Somebody's been kidding me about you.

A -- Real Estate - \$75,000" No, there's no notes here. No notes here.

BY MR. GROSS:

Q I show you a check dated December 29, 1959 - 8449 to George Katz - December 29, 1959 for \$4500. Will you describe what that is? A That's what I paid George for doing all that work for me out in Long Island. I had a two and a half million dollar sewer job out there.

BY SENATOR JONES:

Q You mean Katz is a sewer man too?

A No. He done a lot of work for me out there, in fact I had a big fight with him on this one. He wanted \$7,000 and I settled with him for \$4500.

Q He wasn't such a good guy on that one, though.

A Oh, I cut him down.

Q Well now let's get back to the point. Is he a sewer man too? A Well, no. I had a lot of administrative work to do and I was sick at the time and I needed someone to help me to run out there, take care of things for me.

Q What year was this? What's the date of the check?

A Oh, this check is dated December 29, 1959. That was the time I received a settlement from Nassau County of \$80,000 and I told him, "When I get all my money I'll sit down with you and straighten you out for all the work

you've done.

Q What did you do, build a sewer plant there?

A Yes, two and a half million dollar sewer job.

Q And he was an administrative assistant of yours at that time?

A Right.

Q He was already in business with you in the Jersey Sanitation?

A That's right. I told him he could make a little time and he could make himself some extra money, and he did. The man made - oh, I might say, 30 or 40 trips out there for me. He even was instrumental sitting down with the officials and settling my claims.

Q He was a man of influence with those officials?

A No. He knows none of them. He has no influence out there because I had Heller & Laiks represent me too. There was a lot of leg work, going back and forth. And when we came to settle up, once I got my money, he wanted \$7,000. So we argued back and forth and I settled with him for \$4500.

Q When did Katz become ill? He had a heart attack.

A Let me see, I think it was in '57.

Q '57? A Maybe '58.

Q Well it was late '58 as I recall because he was before the Committee and in a recovering state at that time, in '59.

A Yeah, I know he got a heart attack at the races one day.

SENATOR JONES: All right.

BY MR. GROSS:

Q Mr. Stamato, would the financial statements of Frank Stamato Service Company reveal an asset of \$8,000

payable by George Katz to you?
would show it, yes.

A Well the books

Q Would your financial statements, for instance,
submitted in connection with the recent sewer contract in
Paterson -- would that statement

SENATOR JONES: The sewer contract in Paterson?

A That's Frank Stamato & Company.

Q What job did Frank Stamato Service Company have?

A The garbage contract, - the Service Company.

BY SENATOR JONES:

Q Did you build a sewer in Paterson too?

A I'm low bidder now on that, a \$650,000 sewer job.

Q In Paterson? A Yes.

Q And this is another corporation? A Yes,
Frank Stamato & Company.

BY MR. GROSS:

Q Would the Frank Stamato Service Co. financial
statement submitted to a borough reflect an asset of
this \$8,000 obligation? A Well, this
\$8,000 obligation is Frank Stamato & Company. It's not
Frank Stamato Service Company.

Q Well is that the one that bid the sewer job?

A Frank Stamato & Company bid the sewer job.

Q Well, would your financial statement submitted
to the City of Paterson for that job reflect the asset
of \$8,000?

A There was no financial statement
submitted to the City of Paterson for the sewer job.

Q Now, which company was it that --

(Discussion off the record)

Q Now, who is Nick Felice, Mr. Stamato?

A That's one of the Commissioners, isn't it?

Q Yes. A One of the Commissioners in Paterson.

Q Did you loan \$666 to Nick Felice on October 24, 1956 from Stamato Service Co.

A Not that I know of.

BY SENATOR JONES:

Q Wait a minute. Not that you know of. Let's get this Service Co. business down. You are President of the Service Co.?

A Yes, sir.

Q And what is your stock interest?

A Service Company -66 2/3%.

Q O.K. Your brother Vito and --

A Vito is out.

Q Vito just quit.

A Yeah.

Q But your other brother Pat is in it for --

A 33 1/3.

Q O.K. Now, do you sign the checks for the Service Co.?

A I do.

Q All right. So that what you are saying is that you have no recollection of any check passing from the Service Co. to this Commissioner Felice in the amount of -- in the amount of what?

MR. GROSS: \$666.00

A No.

Q You don't remember that? A No. I don't remember giving Commissioner Felice a check for \$600.

Q Well, did you ever owe him any money?

A No. Never. Never met the man in my life until he's been commissioner.

Q You never met the man in your life till when?

A Until he's been commissioner.

Q Do you know when he became commissioner?

A No, I don't.

Q Well when do you think you met him for the first time? Forget about when he became commissioner.

A The first time?

Q Yes. A I think I met him in Atlantic City, in November.

Q Where? A Down at the League of Municipalities.

Q What year? A 1959.

SENATOR JONES: O. K. Go ahead.

BY MR. GROSS:

Q Will you produce check #1920? A That I haven't got with me.

Q No. I understand you will be able to produce it.

A Yes.

MR. LAIKS: What is the date?

MR. GROSS: It's dated October 24, 1956.

Frank Stamato Service Co.

Q Has the Frank Stamato Service Co. disbursed any moneys directly to Jersey Sanitation? A Oh, they've made loans to Jersey Sanitation.

Q Loans? A Loans.

Q Well you might also produce then checks #2048 and 2132 - 2048 dated January 2, 1957, and 2132 dated January 29, 1957 - checks I believe to Jersey Sanitation. The last one I might as well have you describe. This check dated December 19, 1957 - 5006 to George Katz for \$1850. What was that for? A Oh, that must have been a loan which he paid back. By the way, there's another check with nothing written on it but I presume it's a loan. Let me see, it might be in the stub. Yes, on the stub it's marked "loan".

Q The \$1850 one is marked "loan". A Yeah, that's marked "loan".

BY SENATOR JONES:

Q Do you know what it's for, Mr. Stamato?

A No, Senator, I don't. But the check has got nothing on it.

BY MR. GROSS:

Q Does Mr. Katz know his way around Paterson, so to speak?

SENATOR JONES: Reframe that question.

MR. GROSS: I'll withdraw the question.

SENATOR JONES: That's better. That's too rough a question. Let me ask you a question while Counsel is reframing his own questions.

BY SENATOR JONES:

Q You talked about Commissioner Felice, you met him in the League of Municipalities. Did you come to know him reasonably well?

A No.

Q Did you come to know him by name? A No.
I haven't seen him since except at a meeting.

Q Do you know his first name? A No, I don't.

Q You don't know his first name? A No.

Q You know his last name and you know he's a
commissioner? A Commissioner Felice.

SENATOR JONES: All right. It's now five minutes of one so we will have a recess until 2 o'clock.

MR. LAIKS: I would like to make a brief statement if I might. Many of the questions the witness was asked today created a lot of inferences which certainly could have been properly answered had your Counsel told us what Mr. Stamato was expected to testify to. He was told merely to bring 8 checks with the supporting books, -- nothing else. Now the two particular transactions - there are closing documents and papers which the witness could produce.

SENATOR JONES: All right. There are supporting documents and you didn't bring them. Now maybe you and counsel had a misunderstanding but you don't have one now. And as a matter of fact, knowing the efficiency of the Heller & Laiks office and knowing all of the staff they have, all you have to do is walk outside, Murray, and say, "Hey, boys, bring those books and have them here by 2 o'clock."

MR. LAIKS: It will be more than that because

the supporting checks -- I assume you will want to see the endorsements on that.

SENATOR JONES: Sure. So get them here at two. No inferences to be drawn up to now.

MR. LAIKS: And in addition I had assumed that I would have been free by two o'clock. Do you have any idea how long we may be so I can take care of my commitments?

SENATOR JONES: I'm in his clutches as much as you are. Talk to him. Well, it's one o'clock, be back here at two.

(Recess for lunch)

AFTERNOON SESSION

F R A N K S T A M A T O, resumes the stand.

BY MR. GROSS:

Q Is there some explanation you want to make of those checks, Mr. Stamato? A Yes. On that \$8,000 check I brought the record here, the bookkeeping entry which will show that it is a loan to George Katz of \$8,000. (Witness shows entry to Mr. Gross and Senator Jones.) \$8,000 loan to George Katz.

Q Now do you have, Mr. Stamato, those checks to Jersey Sanitation? A Yes, sir. Here is that Nick Felice check.

Q Let's get that cleared up. Who is Nick Felice? A He is a friend of my brother's in Lodi. Felice then ---

BY SENATOR JONES:

Q Now, just a minute. I'll run this show because we want to be fair to whoever we are talking about. There may be two people we are talking about and we want to make sure we are fair to both of them. What is the name of the Felice that is the member of the Board of Works or the Board of Commissioners or whatever you call it - Commissioner of Public Works in Paterson? What is his name?

A Ben Felice.

Q Benjamin Felice. A That's right.

Q You found that out during your recess, is that right?

A That's right.

Q Now, Nicholas Felice has no relationship to any of the official family in Paterson? A Absolutely not. That's right.

Q And he is a resident of Lodi? A That's right.

Q And he is a friend of your brother's? A That's right.

Q And your brother made him a loan in a personal sense out of corporate monies of six hundred and some dollars? A That's right.

Q There is no blood relationship of any kind between these two Felices that you know of? A None whatsoever.

SENATOR JONES: Go ahead.

BY MR. GROSS:

Q Will you tell us what these checks for Frank Stamato Service Co. and Jersey Sanitation, one dated January 2, 1957 for \$4,000, one January 29, 1957, for \$3,500, are? A They are just loans which was returned back to Frank Stamato Service Company.

Q They have been repaid you say? A That's right.

Q Now I have here, Mr. Stamato, what purports to be the financial statement of the Frank Stamato Service Co, dated July 31, 1958. Will you tell us whether there is any reference in here to any loans receivable from Mr. Katz or from any other individuals?

A I didn't prepare this statement - the accountants did - and I wouldn't know. I'd have to ask him.

Q They would follow your books, would they not?

A What's that?

Q They would follow your books, would they not? A I presume so. I'll check it and see if it is in here. (Witness checks books.) I don't see any notes in here.

Q There is no record of any notes receivable or accounts receivable from George Katz in your financial statements?

A No, I don't see any here, no.

Q Is there any record of any note receivable or account receivable from John Sepede?

SENATOR JONES: Before we get to John Sepede - my question goes to you, counsel - are you trying to establish for the Committee that these loans to Katz were in effect assets in the amount of the loan on the part of the lending party or corporation, whatever the case may be, and that these assets were never submitted as assets in statements of assets which were made to the municipal corporation, the City of Paterson? Is that your point?

MR. GROSS: Well, that would appear to be the case.

SENATOR JONES: Is that your point?

MR. GROSS: Yes.

SENATOR JONES: All right. Now, let's get to the second, collateral aspects of that point. Are you trying to show to the Committee that in connection with the statement of assets as submitted to the City of Paterson, these various Katz loans were not made a part of the garbage submission? Is that your point?

MR. GROSS: Well, I am not sure that I ---

SENATOR JONES: Statement of assets.

MR. GROSS: Statement of assets does not reflect these particular assets, specifically the monies due from Katz.

SENATOR JONES: Yes, but there are two situations that you have introduced here. One, you have introduced a garbage situation, and, one, you have introduced a sewer situation.

MR. GROSS: Well, this service company has nothing to with the sewer contracts.

SENATOR JONES: All right. So have you been able to

establish in the sewer area that there was a statement of assets submitted?

MR. GROSS: I don't have any statement of assets for a sewer contract.

SENATOR JONES: All right. So all of these checks that have been proved out a loan and have been testified to as types of guarantees or loans, all of these statements in connection with assets, your proof is that none of them were listed in the statement of assets that was submitted to the City of Paterson? Is that right?

MR. GROSS: As far as I know none were listed.

SENATOR JONES: All right. Now how much do they total up to? No sense having to read 30 pages of record to find out how much loans were made and were not a part of the statement of assets of this particular contractor. Or, if you want, you can have Mr. Elam give it to us as it appears from the record, ask the witness if that's the total amount, and while Elam is doing that, you can continue with who is John Sepede or whatever you said.

MR. GROSS: I think I can do it quickly. The only ones which Mr. Stamato has said were loans from the company ---

SENATOR JONES: What company?

MR. GROSS: From Frank Stamato Service Company. -- rather than a transmission of funds are the \$8,000 check dated July 7, 1959, the check for \$1850 dated December 1957 --

MR. ELAM: Is that still Frank Stamato Service Co.?

MR. GROSS: Same Company. -- and October 31, 1957 for \$2000. The other checks he says were in the action of the

company as a conduit for monies on other loans.

SENATOR JONES: What is the first amount?

MR. GROSS: \$8,000.

SENATOR JONES: No. What's the total?

MR. ELAM: \$11,850.

BY SENATOR JONES:

Q Now, Mr. Stamato, is it true that the amount of \$11,850 which was loaned by the Service Company to Katz - that they totalled that amount and that they were never made a part of your statement of assets to the corporation of the City of Paterson? A The Service Company didn't loan that money. Frank Stamato and Company loaned that money.

BY MR. GROSS:

Q Frank Stamato and Company loaned that? A Here's the checks.

Q Frank Stamato and Company, is that the garbage company? A Frank Stamato Company is the construction company.

Q Then these are ---

SENATOR JONES: You see why I wanted to make the point?

THE WITNESS: See, these orange checks are Frank Stamato and Company. The green checks are the Service Company. And Frank Stamato and Company loaned George the \$8,000 and the \$1850.

SENATOR JONES: And the what else?

MR. ELAM: \$2,000.

THE WITNESS: And the \$2,000, yes.

BY SENATOR JONES:

Q All right. Now as to those three checks, that's the Frank

Stamato Company, a construction corporation, and that corporation did not submit a statement of assets to the municipal corporation, the City of Paterson? A That's right.

Q Now as to the Frank Stamato Construction Corporation, you own two-thirds of that too, don't you? A Yes. My brothers and I own it outright.

Q Yes. Well, your brothers and you own them all outright, except you have the two-thirds portion of it? A That's right.

Q So it's all the same people except they have a different corporate name. A That's right.

Q All right.

SENATOR JONES: Have you got that clear now, counsel?

Q So while it is all the same people and it's all the same money, they have a different corporate name and in respect to that different corporate name, when they submitted a statement of assets by the Service Company to the City of Paterson, they did not list this as an asset because theoretically it was owed to them via another corporation, right? A No, that was Frank Stamato Service Company. They are two distinct separate companies.

Q I understand. Two separate distinct companies, owned by the same people in the same amounts? A No. Just a minute. Jersey Sanitation, George Katz owns 50 per cent so it's not the same amounts.

Q I am not talking about Jersey Sanitation. A Frank Stamato Service Company and Frank Stamato and Company, they are just about the same.

Q Now, are they the same or aren't they? A Yes, the same people, my brothers and I.

Q All right. And you own the same interest, don't you?

A That's right.

Q Now let's get this so that we get it straight because I don't know who is getting mixed up here, but it's not going to be me when I am finished. Frank Stamato and Company -- A That's right.

Q -- now let me tell you who is in that corporation. There are Frank, Vito and Pat. A That's right.

Q For our purposes Vito is gone as of now. A Yes.

Q But again, for the purposes of what we are talking about, Vito was a part of the show? A That's right.

Q I'll tell you all about Frank Stamato and Company. Frank Stamato owns 66 and 2/3rds of the stock and the other one-third is divided between Vito and Pat. A No, my son has a third of it now. See, when Vito was there, he had 40 per cent, I had 40 per cent, and my brother Pat had 20 per cent.

Q Well then, I want it for that time. A Then it was 40, 40, 20.

Q 40, 40, 20. Now we have the Stamato -- what's the other one? A -- Service Company.

Q -- Stamato Service Co. And as to that corporation, you are the president as you are in the other one. A That's right.

Q And you have 40 per cent of that for these purposes? A That's right.

Q And Vito had 40? A That's right and Pat had 20.

Q And Pat had 20. A That's right.

Q Now the only other corporation that I know anything about, with the exception of whatever your individual capacities are, is

the Jersey Sanitation Co. A That's right.

Q And as to the Jersey Sanitation Co., Katz owns 50 per cent and you and your brothers own 50 percent and your 50 per cent, between brothers, was divided a third each? A That's right.

Q Are there any other corporations? A No.

SENATOR JONES: Counsel, let's get this tied down now.

Q Frank Stamato and Company is the garbage company.

A No. Frank Stamato and Company is the construction company.

Q O.K. And the Service Company is the garbage company.

A That's right.

Q Now the Service Company is the company that's got a contract and has had contracts with the City of Paterson? A And Clifton and Lodi.

Q All right. Now as to the Frank Stamato Company, it is that company that has loaned eleven thousand how many dollars?

A \$11,500.

MR. ELAM: \$11,850.

Q -- \$11,850, to Katz? A That's right.

Q The Stamato Service, the garbage corporation, hasn't loaned him any money? A The only thing he owes now - he has paid back the \$1850 and the \$2000 - the only thing he owes is the \$8,000.

Q Today he only owes Frank Stamato and Co. \$8,000?

A That's right.

SENATOR JONES: Are you cleared up, counsel?

MR. GROSS: Yes, sir.

BY MR. GROSS:

Q You say the Stamato Service Company hasn't loaned any money at all to George Katz? A There is a possibility.

BY SENATOR JONES:

Q Now, you just told me that you never did. Now which is it?

A According to these checks, see, but I'd have to go back and check it.

Q This morning you had a little leeway because you said that your counsel and the committee counsel had a little misunderstanding as to papers and supporting documents, but that was this morning. This afternoon we thought we had that all cleared away between you and the committee and the committee counsel and your counsel.

A With respect to what you asked for.

Q Well now, let's get this straight. Has the Stamato Service Company ever loaned or given any money for any reason to Mr. George Katz? That's a clear, easy question, yes or no? A Just a minute. Loaned or given?

Q Yes. A Is it loaned or is it given?

Q Either one. A Loaned, there is probabilities. I don't know; I'd have to check it. Given, never given him no money.

Q You don't give away money to Katz -- A That's right.

Q -- without a reason -- A That's right.

Q -- which is based upon a consideration? A What do you mean, consideration?

Q Well, he has to do something for the money you give him or he has to promise to pay you back. A That's right.

Q O.K. So you don't give. Now you say there is a probability that this garbage corporation has loaned him some money. A There is possibilities, yes.

Q Well, possibilities. A I'd have to check it.

Q You'd have to check it. Well now, let's examine this area

a little bit more. Do you have any recollection in time and place as to this possibility? A I know I've made loans to George Katz. What companies, I can't pick them out. I'd have to go through all the books, all the records, and separate them.

Q Have you more companies than this? A No, between Frank Stamato Service Company ---

Q Out of these three companies, you know you have made loans to him and you'd have to find out where they come from?

A That's right.

Q And there is a possibility, to use your language, that loans have come out of the garbage corporation? A There is a possibility. I'd have to check it. I wouldn't say yes or no.

Q Do you have any idea as to amounts? A No. I'd have to check it.

Q You don't have any idea as to time either? A I'd have to check it.

Q You'd have to check it.

BY MR. GROSS:

Q Mr. Stamato, you are involved with other companies also, aren't you? A Yes, sure. I am involved in the Garden State Tire Company.

Q What is the Garden State Tire Company? A It's a tire company.

Q Where is it located? A Route 46, Lodi.

Q And who are the stockholders in the Garden State Tire Company? A Joseph Bruno, Jesse Katz, Joe Cuccio, and myself.

BY SENATOR JONES:

Q Now who is Jesse Katz? -- Well, let's start with Joseph

Bruno. Who is Joseph Bruno?

A He is a friend of Joseph Cuccio. I met him for the first time, oh, about a month or two ago.

Q A month or two ago you met him for the first time and he is a friend of Joseph Cuccio and he is in the Garden State Company with you.

A That's right.

Q What's his share? Who is president of this one?

A I think Joe Cuccio is president.

Q You think?

A Yes.

Q Well, who is vice-president?

A I think Jesse Katz is vice-president.

Q And who is secretary and treasurer?

A I'd have to check that.- one of the two. I wouldn't know.

Q All right. Now, Bruno is somebody that is a friend of Cuccio. Who is Cuccio?

A He is a councilman in Lodi.

Q A councilman?

A Yes.

Q What's his employment?

A He sells tires, Garden State Tire Company.

Q Does he have any other employment?

A I don't believe so.

Q Ever have any employment with the State of New Jersey?

A I don't know. I wouldn't know.

Q Has he ever been the mayor there?

A Yes. He has been mayor.

Q When was he the mayor?

A Let me see. He was mayor up until May of last year, just a year ago.

Q And what happened to him?

A He ran for election and he was elected councilman and he wasn't appointed mayor.

Q How long has he been on the governing body there within your knowledge? A I think five years.

Q Five years. And when was this corporation formed?

A I think October or November of last year.

Q October or November of 1959? A That's right.

Q Is this - and I am not being slighting when I say this - is this a Heller and Laiks production? I mean, did they incorporate them and so forth? A Yes, they were the attorneys.

Q What is the stock ownership here? A I have 25 per cent.

Q You have 25 per cent. A Each 25 per cent.

Q Each 25? A Yes.

Q Well, who has the other 25? A Well ---

Q Oh, 25 per cent? A Yes.

Q Well, who has the other 25? A Jesse Katz.

Q That's 25. A Joe Cuccio.

Q That's 25. A Joe Bruno.

Q Yes. A And myself.

Q O.K. You all own a quarter. A That's right.

Q What was your contribution to this corporation? A I put in \$3,000 for the purchase of equipment and I loaned Jesse Katz \$1500.

Q Now is Jesse Katz related to George Katz? A He is a brother.

Q A brother. And you loaned him \$1500 personally or from one of the corporations? A One of the corporations.

Q Which one? A I would have to look that up whether it is

Frank Stamato Service or Construction Company.

Q You don't know? A No.

Q And Bruno is in this corporation because he was put there on the recommendation and direction of Joe Cuccio, isn't that right?

A No. He bought out my brother Dominick.

Q Bought out Dominick. A Yes. He had 25 per cent. He bought out his interest.

Q Why do you say that you don't Bruno, that Joe Cuccio brought him --- A Because I never met the gentleman until about a month or two ago.

Q When did he buy out your brother Dominick? A Just about a month ago.

Q And he bought him out on Cuccio's recommendation? A I don't know whether he recommended or not. He just bought into it - he bought my brother out.

Q You know a little bit more about this, Mr. Stamato, than that. Your brother Dominick isn't going to enter into a transaction involving the assignment of stock without talking to you about it, is he? A Well, he originally brought me into this picture.

Q Your brother did. A Sure. He asked me if I wanted 25 per cent of Garden State Tires.

Q And you said "yes"? A I said I'd take 25 per cent.

Q You gave him \$3000. You gave Jesse Katz \$1500 and he put up another \$1500? A Who?

Q Jesse Katz. A No. My brother loaned him \$1500, my brother Dominick.

Q So he got \$1500 from you and \$1500 from your brother Dominick? A That's right. That was his share. We had to

buy \$12,000 worth of equipment. He had no money.

Q All right. Then Bruno put his money or your brother put up the money and Bruno gave him \$3000. What did Cuccio put up?

A He put up \$3,000.

Q Cash or in check? A I wouldn't know. I think it is by check.

Q You think it's by check? A Yes. I wouldn't know.

Q Who keeps the books of this corporation? A Charlie Yedwab.

Q Same accountant who keeps the books of your other corporations?

A That's right.

Q And you are satisfied that Cuccio put up his own money?

A Oh, I know he put it up.

Q You know he did. Was it his? A I don't know whether it was his or his wife's.

Q Did you loan it to him? A No, I did not.

Q Did any of your brothers loan it to him? A No, sir.

Q You say maybe it's his wife's. Is that what you think?

A I know he put up the money. Where he got it - I don't know where he got it.

Q You don't know where he got it. And this business is the sale of tires? A That's right.

Q Is Katz still in the tire business, George, or is he out of it? A George is out. He used to own Metropolitan Tire.

SENATOR JONES: I understand. Go ahead.

BY MR. GROSS:

Q Mr. Stamato, you have never drawn any money out of Garden State Tire, have you? A No.

Q Who are the persons who draw salaries out? Who are the officers who draw salaries out of the Garden State Tire?

A Jesse Katz and Joe Cuccio.

Q Only those two? A Yes. They work there.

Q They are the only two who ever have drawn any monies out?

A That's right.

Q Have there ever been any dividends declared over and above -- A No.

BY SENATOR JONES:

Q I don't want to be unfair. We had one opportunity here to be unfair and we certainly didn't accept it and that was in that Fel: thing which would certainly have been a terrible thing if those fellows got mixed up. Now is this the Cuccio or is this not the Cuccio who worked for the State Highway Department?

MR. GROSS: Yes, he is.

Q Don't you know that? A I wouldn't know.

Q Don't you know that? A No, sir. I wouldn't know. I know he was an assessor at one time in Lodi. This is the first I'm ever hearing he worked for the State Highway Department. I never knew that.

BY MR. GROSS:

Q Mr. Stamato, you are presently handling the garbage contract in the Borough of Lodi, are you not? A That's right.

Q Under the Stamato Service Company? A That's right.

Q For how many years have you had the contract in Lodi?

A Oh, the last 12 years - 15 years.

Q You have always been the contractor in Lodi then, I take it, for the last several years? A That's right.

Q Has this contract come up for bidding at all while Cuccio was mayor or councilman? A Yes, this last time that it was given out.

Q Now when was that last time? A 1958.

Q The fall of 1958 the bidding took place? A That's right.
BY SENATOR JONES:

Q So that in 1958 when those specifications were put out for bid and after an award was made in your favor as the lowest responsible bidder, all through that period of time up to, including the present time, you were associated in this business of the Garden State Tire Company - you were associated in business with its mayor and/or councilman? A No. This thing was only formed in October of last year.

Q That is what I wanted to find out. That's the point.
A Sure.

Q When you got your Lodi contract, you weren't in business with Joe Cuccio? A No, I was not.

SENATOR JONES: I think you ought to make that clear. I think that is an important matter that ought to be made clear. Now let's get it tied down and make it clear, counsel.

THE WITNESS: I got the contract ---

BY MR. GROSS:

Q When did you form the company, Garden State Tire?

SENATOR JONES: October or November of 1959. That is his testimony.

A October or November of 1959.

Q When did you first begin negotiations or any discussions with Cuccio as to the formation of a tire company? A Just around

that time, October or November of '59.

Q Now, Mr. Stamato, if I can refresh your memory, I think you have said that you started negotiations in July of 1959 and the company wasn't formed immediately, but that was the first time you started negotiations. A All right. That's a month back.

SENATOR JONES: That's not a month back, Mr. Stamato. July of '59 is certainly not a month back from October or November.

THE WITNESS: All right. It's three months back.

SENATOR JONES: That's better. That's the way I count. I just want to make sure we count together the same way. Go ahead.

Q Prior to July of '59 and during that period, Mr. Cuccio was in the tire business, correct? A Yes.

Q Under what company? A He was in with Champ Tire Company.

Q Champ's Tire Company. A That's right.

Q Do you know when that company was formed? A No, I don't.

Q Were you purchasing tires from Champ's Tire Company? A I think we did, very little.

Q Now, Mr. Stamato, you know that Metropolitan Tire Company liquidated sometime in the fall of 1958 or prior to that time. A Yes.

Q And after that you didn't do any business with Metropolitan Tire any more, did you? A Not if they liquidated. They had no more to sell.

SENATOR JONES: That's a good answer.

Q Most of your business then went to Champ's Tire Company, didn't it?

A No. Brown Hanselman in Hackensack does quite a bit with us too. We buy from all different tire companies.

Q Would it be correct to say you had about \$16,000 worth of business with Champ's Tire, the first six months of their operation?

A No. I doubt that very much. I don't believe we bought more than a thousand, maybe two thousand dollars worth of tires.

Q Did you originally introduce Jesse Katz to Mr. Cuccio?

A No, sir.

Q You knew Mr. Cuccio though for some period of time?

A Yes. I knew Mr. Cuccio. Jesse Katz - I didn't know him until about a year or two ago.

Q Did you learn of Mr. Cuccio through George Katz or had you known him?

A No. I knew Joe Cuccio.

BY SENATOR JONES:

Q Well, you are both Lodi fellows, aren't you?

A That's right.

Q You are a resident of Lodi and so is Joe Cuccio.

A That's right. He was a plasterer. In fact, he plastered my house over in Clifton about 10 or 12 years ago.

BY MR. GROSS:

Q You were purchasing tires from the Champ's Tire Company --

A We bought some tires.

Q -- during the period of the award of this garbage contract?

A Very few tires we bought.

Q It was during that period of time?

A Yes, we bought a few tires.

Q That would be the fall of 1958?

A Yeah.

Q Now during that period of time, the fall of 1958, did you also have some business transactions with John Sepede? A Yes.

Q And is John Sepede an official in Lodi? A He is the borough engineer.

Q And what was the nature of that transaction? A I bought a parcel of land from him - supposed to buy a parcel of land, but the transaction fell through. We couldn't get it subdivided.

Q This would be the Gregg land in Lodi? A That's right.

Q How much was your deposit? A \$11,000.

Q -- which you paid out in the fall of 1958?

BY SENATOR JONES:

Q That's a deposit? A Yeah.

Q What was the purchase price? A Somewheres in the neighborhood of \$250,000.

Q And who were you buying this from? A John Sepede and Matt Davis.

Q You were buying it from them? A That's right.

Q They were the owners? A Yes.

Q Of record? A Of record.

Q They were the real owners too, apart from the record, as far as you know? A As far as I know they owned the land. They were of record and I found out the people that sold it to them came from New York.

SENATOR JONES: All right. Go ahead.

BY MR. GROSS:

Q Now, would it be correct, Mr. Stamato, that the checks to John Sepede were made from the Frank Stamato Service Company? --
A That's right.

Q (Continuing) -- to John Sepede individually? A That's right.

Q One check on December 4, 1958, for \$10,000 and one check on January 12, 1959 for \$1,000? A That's right.

Q Did John Sepede sell the land to you? A No.

Q Did he sell it to some other person? A He sold it to Winne and Storms.

Q Do you know when? A Right after he couldn't get the subdivision through.

BY SENATOR JONES:

Q What kind of a subdivision? A To build homes.

Q You mean, that's hard? A Well, we couldn't get it in Lodi.

Q You couldn't get a subdivision for one-family homes in Lodi? A Couldn't get it.

Q You're slipping. A Maybe I am.

BY MR. GROSS:

Q Well, Mr. Stamato, you never made any application for any subdivision? A No, he's supposed to get the subdivision.

Q You never made any attempt to get a subdivision? A No.

Q And this land was sold to some other person? A To Winne and Storms.

Q To Winne and Storms. Was your deposit returned when it was sold to Winne and Storms? A No. The deposit was returned two weeks ago.

SENATOR JONES: This is all very interesting. It is news to me. Now, I don't know where you're going, but it

you're going anywhere, you'd better tie me down a little bit better than I am. What was the date of this contract between Sepede, Davis, and yourself? Let's get that.

MR. GROSS: I think we can sum it up quickly.

SENATOR JONES: Well, sum it up. What are you trying to prove and then let's see if he agrees.

Q I take it - correct me if I am wrong - there were two checks made out totalling \$10,000. A \$11,000.

Q \$11,000 - to John Sepede, for a deposit on the Gregg land.--
A That's right.

Q -- in the fall of 1958. A That's right.

Q There was never any contract drawn. There was never any closing statement. There was never any written obligation on the part of John Sepede to return that money.

SENATOR JONES: Is that right?

A No. Just a minute. Oh, when he come to me and says that he could not get the plan approved for subdivision, then I said to him, "Then you'd better sell it to someone else."

Q No written obligation? A No, everything was verbal.

Q There was no closing statement. There was no contract.

A No.

Q There was no closing executed? A We had two or three conferences, one with Judge Celentano and one with Kreiger in Passaic. He was in on the conferences to sell and that was the whole works and we agreed to buy. I was going into a syndicate and I agreed to put down a deposit.

SENATOR JONES: Counsel, you'd better start all over again and do it bit by bit. You tried to do it quickly

and it didn't work out that way. Now you just get this transaction spelled out.. It's an oral transaction. Get it spelled out for what it is.

MR. GROSS: We have the two checks. - I have given the dates - totalling \$11,000.

SENATOR JONES: And the dates are what?

MR. GROSS: December 4th, 1958, and January 12, 1959.

SENATOR JONES: All right.

MR. GROSS: -- totalling \$11,000

BY SENATOR JONES:

Q And these checks were negotiated to John Sepede and Matt Davis for the purchase of land in Lodi and were a deposit on a \$250,000 purchase. A That's right.

Q There was no written arrangement between the parties.

A The only thing, there was ---

Q Was there anything written between the parties? A The only thing ---

Q No written arrangements at all? A The only thing that was written on the check "Deposit for Gregg land."

SENATOR JONES: Now pick it up from there. You have got nothing in writing. Now pick up your point.

BY MR. GROSS:

Q Subsequently ---

BY SENATOR JONES:

Q When were you told? Nothing in writing, no arrangements of any kind, except there was a deposit on land. When did Sepede agree as the borough engineer and as the owner to get you a subdivision - at the time you gave him the \$11,000? A Yes. He had the plan

all drawn up. He showed it to me. He was going to try to get it approved by the Planning Board.

Q Did he make the application? A I think he did.

Q And the application was denied? A It was never put
That's right.

Q But he made a formal application? A Yes.

Q Now, when was that application made? A Sometime in the
latter part of '58 or the early part of '59.

Q When was it denied? A Right after that.

Q In other words, the denial followed hard upon the application.
A That's right.

Q -- by a week or two or three. A Oh, I'd say three or
four months.

Q Three or four months. A Yes.

Q So that what approximately was the date that this was
denied? You spell it out for the Committee record. A Oh, I'd
say sometime in the early part of '59.

Q Early part of 1959, January or February. A Right
around then.

Q And you knew then that there would be no subdivision and you
knew then that there would be no sale, right? A That's
right.

Q And Sepede knew it? A That's right.

Q Davis knew it? A That's right.

Q And he had your money for \$11,000. A He had my \$11,000.

Q And he has only returned it two weeks ago. A That's right.

Q By check? A By check.

BY MR. GROSS:

Q Was any interest charged at all? A No, I did not charge

him interest.

Q Was the application for the subdivision made in your name or in the name of one of the Stamato companies? A No. I think it was made in the name of a land company, the building company that we were going to start if everything went through.

Q The awards for the Lodi contract were made in the latter part of November 1958? A That's right.

Q Were there any other bidders on that occasion who qualified? A I think there were four or five other bidders.

Q Before we go off the subject, I'd like to refer for a minute, if I may, to this recent sewer contract in Paterson. Mr. Sepede is the engineer on that job too, isn't he? A Part of the engineers. It's Capen and Sepede. He's part of the firm.

SENATOR JONES: Wait a minute. He is the engineer for whom? Who is he supposed to be engineer for?

MR. GROSS: I believe he is the engineer for the city on this job.

THE WITNESS: He formed a partnership, Capen and Sepede. They are the engineers for this job in Paterson.

BY MR. GROSS:

Q For the city? A That's right.

BY SENATOR JONES:

Q That means they are taking care of your interest or the city's interest -- A The city's interest.

Q -- or both? A No, the city's interest.

Q As it relates to that, you are presumably in an adversary position to him. He has set the specifications for the contract and all the rest of it. A Capen and Sepede drew up specs and

everything.

BY MR. GROSS:

Q You submitted a bid to the City of Paterson on April 26, 1960, correct? A That's right.

Q And that was your first bid on the job? A That's right.

Q Do you know the amount of that bid? A See if I can remember right.

Q You can refer to these minutes if you like. A In the neighborhood of eight hundred and eighty-odd thousand..

BY SENATOR JONES:

Q How much? A Eight hundred and eighty-odd thousand.

Q You got eight hundred and eighty-odd thousand with the City of Paterson now on the sewer and how much have you got on the garbage contract? A Oh, no. They rejected the bids.

Q Oh, this is the first one. Was this too high or too low?

MR. GROSS: He wasn't the low bidder.

A Eight hundred and eighty-four thousand dollars.

SENATOR JONES: Oh, he wasn't the low bidder.

How much?

THE WITNESS: Eight hundred and eighty-four thousand, nine twenty-three.

BY MR. GROSS:

Q You were not the low bidder there, were you? A No.

SENATOR JONES: I thought you got this job. You testified ---

THE WITNESS: On the second time I bid I got it.

SENATOR JONES: Oh. I'm exceptionally dull today. All right.

Q Well, these bids for the sewer contract on April 26, 1960, were rejected by the same Board of Public Works, which is the governing body with respect to the garbage contract? A That's right.

Q Did you bid a second time? A I did.

SENATOR JONES: Well now, wait a minute. You have an easy way of disposing of three-quarters or more of a million dollars. I don't use that for tip money. Why would they reject? Isn't that an important consideration? What was the ostensible or real reasons for the rejection? It's easy enough to say he didn't come in low and that they rejected him. Why did they reject all bids? That is what I consider an interesting item. If you can't answer it, ask him what was the reason.

Q Well, why did they? A Ask the Board of Public Works. I don't know.

BY MR. GROSS:

Q You don't know? A I don't know.

Q Did you discuss it with them? A No, I did not.

Q You never discussed with any member of the Board of Public Works the question of the rejection of your and other bids on that first bid? A I did not.

SENATOR JONES: All right. He hasn't talked with anybody. That's not what he did in this case so let's get on. He doesn't know the reason for the rejection except it proved to be a most fortunate coincidence. Is that about right?

THE WITNESS: That's about right.

SENATOR JONES: That's about right. Let's take the second bid.

Q You bid a second time, Mr. Stamato, on -- what was the date of that? I don't see a date here -- On June 7, 1960, you bid a second time? A Yes, sir.

Q And would this be correct, that you bid \$647,613? A That's right.

BY SENATOR JONES:

Q So that you lowered your bid approximately \$200,000? A Let's see - 647, about \$143,000.

Q No changes in the specs? A A few minor -- a few changes

Q A few changes not relating to that kind of dough though? A That's right.

BY MR. GROSS:

Q Were you the low bidder? A Yes, sir.

BY SENATOR JONES:

Q Who was next low? A Cestone.

Q Who was low bidder the first time? A Oh, Cestone was low bidder the first time.

MR. GROSS: Frapaul Construction was the low bidder the first time.

THE WITNESS: No. Cestone the first time.

MR. GROSS: Oh, I'm sorry. I'm reading the wrong way. Cestone.

Q Cestone was low the first time, Frapaul was next and then you, was that it?

MR. ELAM: Frapaul was high.

SENATOR JONES: Frapual was high.

A Cestone, then came Cofrancesco, I think.

MR. ELAM: Cofrancesco was second.

THE WITNESS: I was third.

MR. ELAM: Stamato third, P. Michelotti and Sons fourth, All-State Associates fifth, and Frapaul sixth.

Q What was the low bid on the first time? A Eight hundred and nine thousand.

MR. ELAM: \$809,264.

Q So on the second time around with the same specs you came in low with approximately \$150,000 lower bid than your first time, right? A That's right.

Q Is this the time they decided not to reject them? A This time they awarded it.

Q This time they awarded the contract to you? A That's right.

Q So that with the Board of Estimate --

SENATOR JONES: What do you call that thing over there, counsellor?

MR. GROSS: Board of Public Works.

Q All right. They are the Board of Public Works. Their works will live after them no doubt. This Board of Public Works then, you have a contract with them currently for some six hundred and what thousand?

MR. GROSS: 647.

Q Six forty-seven thousand for sewers and what is the total amount of your five-year garbage contract with them which goes into effect on July 1? A The garbage contract is five ninety-seven five a year for a total of almost \$3,000,000.

Q Almost \$3,000,000. Have you any other contracts with this

Board of Public Works right now? A No.

Q None in the making? A Not that I know of.

Q Not that you know of right now.

SENATOR JONES: Go ahead, counsel.

BY MR. GROSS:

Q Mr. Stamato ---

BY SENATOR JONES:

Q Incidentally, have you been in any corporate situations with Sepede? A No.

Q Did Sepede ever represent you as your engineer? A Oh, yes.

Q Many times? A He did a lot of work for me.

Q A lot of work? A Oh, yeah.

Q As a matter of fact, you have got a lot of checks you could turn to which would add up to a lot of money involving you and Sepede in your payment for his services as engineer to you in your purposes, corporate and otherwise. A In the last ten or fifteen years, yes.

Q How much would you estimate that you have paid Sepede fees for engineering services over the past ten or fifteen years?

A I'd have to check that up, Senator.

Q Do you have an idea? A I've got no idea.

Q No idea at all? A Every job is paid separately.

Q I can appreciate that. You don't have him on a general retainer; you pay him for the job? A No. If I hire him for a subdivision or for an estimating purpose or to take off some plans ---

Q Well, have you got any idea what you paid him this year up

to date for any engineering work he may have done for you?

A I don't believe I've used him this year.

Q You haven't used him this year? A I don't believe I have.

Q How about last year? A There is a possibility I used him last year.

Q You did? A Yes.

Q Have you any idea what you paid him? A No - until I check it up.

Q You'd have to check it? A That's right.

Q All you can say for certainty at this time is that over the past ten or fifteen years you have engaged Sepede as your personal engineer on various construction and other projects and in all of these engagements you paid him a bill for the services he rendered you. A That's right.

Q So that now we have Sepede as your engineer on occasion and we have Sepede as the engineer for the City of Paterson on other occasions and we have you generally in between so far. A Well, I just happened to be the low bidder on the sewer job.

Q All right. You just happened to be.

BY MR. GROSS:

Q Mr. Stamato, in all the payments that you have made to Sepede, let's say during 1959, did you ever take a credit against those monies or deduct from those monies the \$10,000 - the \$11,000 that he owed you? A No, because he came to me when he made the deal with Winne and Storms and asked me if I'd wait for my money until he closed the property with Winne and Storms because he took the \$11,000 and paid the interest and taxes on it and he couldn't

return me the \$11,000 until he closed the property with Winne and Storms and I agreed to go along with him. When he closed the property, he returned the \$11,000. So when Mr. Winne gave him some money to pay me, he paid me back.

Q Mr. Stamato - correct me if I am wrong - but I believe you paid for engineering services, Mr. John Sepede, the following amounts recently: November 14, 1959, \$1100 --- A Recently or last year?

SENATOR JONES: It doesn't make any difference. It's November 14, 1959. You can call it a long time ago; I can call it recently. But it's still the date.

THE WITNESS: Well now, it all depends what you call recently.

SENATOR JONES: That's right. Never mind "recently."

THE WITNESS: Give me dates.

SENATOR JONES: On November 14, 1959, you paid him \$1100. Did you or didn't you?

THE WITNESS: Well, he has the record. I'd have to check it up.

SENATOR JONES: You don't recall?

THE WITNESS: I didn't say I don't recall. I said he's got the record. I'd have to check it up. Sure I paid him -

Q Well, it's not incorrect that you paid him December 21, 1955, \$5,000? A Counsel, I didn't say it's incorrect. I said you have got the records there and you know three weeks ago in the other room we discussed all that so you have got the records and that's right.

BY SENATOR JONES:

Q Listen. I don't know what you fellows discussed in other rooms, but I am here discussing something today and I'm the fellow you want to be trying to --- A Well, Senator, he is quoting from a record he has had in the other room. I say it's right then.

Q My trouble is I don't get in the same rooms with you fellows. A Well, that's not my fault.

Q And what I am trying to have you understand is, I'm in the room with you today and so for today I want to know if you paid \$1100 on November 1959 to Sepede for services and the answer is yes.

A As far as I'm concerned I've got to check my records. I haven't got them with me. Now if counsel has got them with him, I'll go along with him because he's got the records, providing he took those records from the other room.

SENATOR JONES: What about the \$5,000? Does he recall that.

BY MR. GROSS:

Q December 21, 1959, \$5,000 for engineering services.

A If I remember right that was for two jobs. That was for the subdivision on Church Street and for the piece of land I just bought over here on Route 46.

Q But those monies were paid? A Oh, yes. You've got the record there. The checks are available. The records are available.

Q No credits were taken as against the monies which he owed you?

A No. I agreed that I'd wait until he closed the property with Winne and Storms.

Q Well, he closed the property with Winne and Storms in

1959. That's when he sold to Winne and Storms. A No, he only took the deposit then. He didn't close it in '59.

Q Well, there was a complete closing in the spring of 1959, wasn't there, Mr. Stamato? A Not that I knew of.

SENATOR JONES: Did he so testify? Now, let's get this straight. If you have him under oath in one area and you have him under oath here, if there are any discrepancies I want them called to the Committee's attention.

MR. GROSS: There is a closing statement - I think Mr. Laiks would be aware of it - on the sale. No, you wouldn't be, I guess.

MR. LAIKS: You use the same tone of voice about the part that I wouldn't be as the part that I would. Let's be fair, Mr. Gross. I'm sure you want to be.

MR. GROSS: I didn't mean not to be fair.

MR. LAIKS: I know you didn't mean it, but it was inaudible, the part that I wouldn't be.

SENATOR JONES: You two fellows stop horsing me around.

MR. GROSS: There is a closing statement.

SENATOR JONES: I wish you wouldn't try another matter in front of me here as a Committee. Let's develop what this Committee has got to hear with reference to these areas and leave the other go. If by the same token, he says anything here under oath that varies or contradicts what he said elsewhere under oath, I want it brought to my immediate attention. That's all I'm telling you.

Q All right. Mr. Stamato, going to the City of Paterson garbage

contract ---

A Don't you want to clean up that Sepede thing with that closing?

Q You are not aware of it, you see. You didn't sell the land.

A I didn't sell the land.

Q It was Sepede who sold the land and you are not aware of when he sold it.

A Sepede sold the land to Winne and Storms I told you because I refused to take it on account of a subdivision.

BY SENATOR JONES:

Q Yes, but let's not miss the point, Mr. Stamato, and don't be over innocent. The point is that there was a closing to another party which was not you, which took place a long time ago. Do you know that or don't you?

A I wouldn't know.

Q All right. A I was told at the time when he sold this property to Winne and Storms that he couldn't pay me until he closed the property with Winne and Storms.

Q So as of now, this is the first news that you ever received that the closing took place approximately a year ago? A Right. Now I understand it was supposed to be closed last week and Winne and Storms gave him a check to pay me.

Q All right. Now it's your understanding that instead of a closing a year ago, there was a closing two weeks ago. A Last week.

Q Last week. A That's right.

BY MR. GROSS:

Q Mr. Stamato, on the City of Paterson garbage contract, the present contract, how did you go about in this particular instance of calculating your bid, of calculating what the cost would be on the job?

A I used the same figures I used the contract

previous.

Q Well, how did you go about calculating that cost?

A I took the amount of trucks, the payrolls and everything and figured everything up.

Q How many trucks do you use to run the Paterson job?

A At one time we were using as high as 22 trucks.

Q Well, how many do you use now? A Right now I think there is about 15 or 16.

Q And do you segregate your cost on the basis of how many trucks? Do you calculate a certain amount per truck? Is that the way you do it? A Well, every year there is an improvement in equipment to try and cut costs and every time a new piece of equipment comes out, we try it and see if we can cut. We might pay more for the equipment, but if it produces more work, we try and take advantage of it and that is how we figure our jobs up.

BY SENATOR JONES:

Q You are talking now about garbage? A That's right.

Q Let me ask you something. We have been in this Paterson area on garbage. How do you go about estimating a city like Paterson? A Well, I have had that contract for the last ten years.

Q Yes. A So to me --

Q It's an easy one to estimate? A It would be easier to estimate than a new job altogether.

Q Well, when you first started with Paterson, how did you do it? A When I first started in Paterson, I took a flier.

I lost money. I lost money. When I first started Paterson, first

I found out their appropriation - how much it cost them to do it - and at that time it cost them \$650,000 a year. That's back in 1949. So I figured - let me figure this thing up - and I figured it close and I took a beating.

Q But you figured it? A Yes. That's right.

Q You checked population, you checked streets, you checked dumps, you checked your trucks. A That's right.

Q You made a very careful businessman's effort to arrive at a profitable contract, which would be a low responsible bid as well. A Yes, but I lost money on it.

Q All right. You made a mistake. A No mistake. I just went there and worked close and things didn't live up to expectations. Salaries went up. Equipment started going up. Dumps started going up. So I took a beating. I took a contract - my first contract was \$368,000 a year.

Q Do you do that type of investigation for all the towns that you bid? A Yes.

Q You are not a fellow that goes into a town to make a bid without giving it careful thought and consideration, are you?

A Oh, no. I watch it pretty closely. I find out what it costs the city to do it, find out what their methods are, what kind of collections they want. Sometimes they want everyday collections; sometimes they want everyday collection in the city areas.

Q How much time do you spend preparing for a bid in connection with a given town? A Oh, we make a study of it. Sometimes a week, sometimes a month, sometimes two months. It all depends.

Q Never less than a week? A It all depends. If it's a job you've got, maybe two or three days. It all depends.

Q But if you don't have the job and never had it, it takes more time, of course. A Yes, and sometimes you get the popula you could give it a pretty good guess.

Q But it's always a thoughtful process on your part and the men in your company, isn't it? A Yes. It's a gamble. Sometimes you make; sometimes you lose. It all depends. You've got to gamble with weather too. You've got to gamble with everything. You don't know when a strike is going to be pulled on you. There's a lot of gimmicks in there where you don't know what's going to happen.

Q But that, of course, isn't what I'm asking. I feel myself growing tearful for you, but that's not, of course, what I'm interested in right now. I'm interested in the type of effort that you and your subordinates or your colleagues put in to arriving at a bid in Paterson, for instance, and you've told me, which I think is perfectly understandable, that knowing the town the way you do now, after these years, that it doesn't take you more than a couple of days. A Well, Paterson don't take you no time because I've had it for the last ten years.

Q Sure. But I was asking about Paterson and your other towns. That's all. A And we usually go by population - see how many people is in there. You could strike a pretty good average.

Q But as I say, it's a thoughtful process, isn't it? I mean you work at it. A You have got a pretty good idea.

Q You have to be a businessman, don't you? A Yes, but you can never get the exact figure until the job is done. You could never I don't care what job it is. Until that job is completed, you never

know the obstacles you're going to run into. That's the gamble you take. That's the contracting business.

SENATOR JONES: O.K. Go ahead.

BY MR. GROSS:

Q Do you figure this out at all on a per capita basis?

A We take that into consideration.

Q Do you know what your per capita cost is in Paterson?

A I think it's somewhere in the neighborhood of \$4.30.

BY SENATOR JONES:

Q \$4.30 per year? A Per capita.

Q Per capita. A Yes.

Q That's in your current contract to take effect July 1, right?

A That's right. 143,000 into 597,000 - that will give it to you.

SENATOR JONES: That is \$4.60?

MR. ELAM: \$4.17.

SENATOR JONES: He said \$4.60. Is that what he testified?

MR. ELAM: He said \$4.30. It actually figures out \$4.17.

THE WITNESS: \$4.17? Well, that's what it is.

MR. ELAM: That's what it actually figures.

SENATOR JONES: O.K. That's what it is per capita in Paterson now. Go ahead.

BY MR. GROSS:

Q Do you know what your per capita costs are for Jersey Sanitation for East Brunswick, New Brunswick and South Amboy?

A I never figured it out, the cost.

SENATOR JONES: That's easy to figure out, isn't it?

THE WITNESS: Well, if I go thought the records.

Q On South Amboy your per capita cost is \$6.60? A Oh, you mean the price we're getting?

Q No - per capita. A The price we're getting. You said cost.

Q Oh, I'm sorry.

SENATOR JONES: He's right too. He has a right to reject that as a question. You were misleading him. He's not an easy fellow to mislead.

THE WITNESS: Oh, sometimes I'm misled.

SENATOR JONES: Sometimes you get tagged a little bit off base.

THE WITNESS: Sure.

SENATOR JONES: You manage to get back somehow or other, don't you?

THE WITNESS: I try to.

SENATOR JONES: Well, as I say, I'm not very tearful about you today. Tomorrow may be another day.

THE WITNESS: South Amboy - that's around \$6.00 per capita over there. New Brunswick is about \$6. East Brunswick is about four dollars and ten or twenty cents.

BY SENATOR JONES:

Q That's your first contract, I suppose. A No, New Brunswick is the first contract. No, you're right.

Q That \$4.20 is your first contract with that town, isn't it? A Well, we had to give them a break there because the dump is in that town.

Q I know. I know. So with the dump being in the town and

being your first time, you got \$4.20 per capita there.

A That's right.

BY MR. GROSS:

Q You had to give them a break in East Brunswick, you say?

SENATOR JONES: He didn't say anything about breaks.

This fellow is not talking about breaks.

A The dump is in that town of East Brunswick.

SENATOR JONES: Didn't you hear him say before he doesn't give. That's fair enough. That's a good old Yankee custom, isn't it?

THE WITNESS: You're right, Senator.

SENATOR JONES: You look like a Connecticut Yankee too at that.

THE WITNESS: From Lodi.

SENATOR JONES: From Lodi. Go ahead.

Q You haven't had much competition in those three town as far as the bidding goes. A But we've had competition.

Q Were you the only bidder in South Amboy? A I think we were. I think we were.

Q And there was only one other bidder in New Brunswick and East Brunswick. A I don't recall. I'd have to check up those bids.

SENATOR JONES: Who was it, Roselle?

MR. GROSS: Rosselle in New Brunswick.

SENATOR JONES: I guessed it.

MR. GROSS: And Fereday and Meyers in East Brunswick.

THE WITNESS: But we saved the towns a lot of money.

SENATOR JONES: You certainly did, I'll bet.

THE WITNESS: That I'll bet any time.

Q Let's compare a couple of those towns, Mr. Stamato. Perth Amboy -- A South Amboy.

Q I'm saying now specifically Perth Amboy, which is a neighboring town to South Amboy and in which the city collects its own garbage, has a per capita cost of \$2.92. A Says who?

MR. GROSS: Do you have the population figures?

MR. ELAM: That's what the city told us themselves.

THE WITNESS: You check it, counsellor.

SENATOR JONES: All right. We can't argue here.

THE WITNESS: You check it. I'll tell you this ---

SENATOR JONES: Just a minute.

THE WITNESS: Wait a minute. I'll take any town in the state or in this county, right as of now. You show me their costs, not taking the Street Department and putting monies in there - you show me their true costs and I'll save that town 25 to 35 per cent and guarantee them I will.

Q Have you saved the City of Paterson 30 per cent?

A 30 per cent! I've saved them over a million dollars in three years -- four years. I took the City of Paterson for \$368,000 when it was costing them \$650,000 in 1950 and at the rate they were collecting their garbage, if they were doing it today, it would cost them a million, two or three hundred thousand dollars and I'm doing it for \$597,000. I defy anybody ---

SENATOR JONES: Well, you are practically a public benefactor.

THE WITNESS: No, I'm not. I'm in business to make a dollar and to save the taxpayers money.

SENATOR JONES: Let's stop making these speeches

because we'll be making a mold or a cast for you.

THE WITNESS: It wouldn't be a bad idea.

SENATOR JONES: You'd be surprised how quickly they come sometimes. Let's just get down to talking here because you and I have been having a nice friendly discussion all day. I understand you and I think you understand me and we're going to keep being pleasant and nobody is trying to make a speech and if anybody tries to take advantage of you, I'll stop them. I've done that twice today so ---

THE WITNESS: And I appreciate it, Senator.

SENATOR JONES: Let's stop this stuff. You ask questions and he'll answer them. The speeches are over.

BY MR. GROSS:

Q In the City of Paterson, you picked up the questionnaires and qualification statements separately, did you not, that is apart from Iommetti, and he picked up his own? A I picked up my questionnaire. That's right.

Q When did you first discuss this contract with Iommetti?

A I never discussed the contract; I discussed bidding on a co-venture with him.

Q Well, when for the first time? A Before the bidding.

Q After you had each picked up specs separately? A Oh, maybe before that. I just don't recall. But I know it was before the bidding.

Q Well, who called who? Did you get in touch with them or did they get in touch with you? A Why we discuss it at our meetings. We have meetings of the Association.

Q And the figures that may be submitted to a borough or city

are discussed at meetings of the Association?

A No, never.

Q Well, how did this come about?

SENATOR JONES: You just said it was discussed at the Association, Mr. Stamato.

A No figures. I says I might have discussed this Paterson job that was coming up with Mr. Iommetti, but not figures.

SENATOR JONES: Listen. The record is all taken down so we don't have to worry about whether you said it or not.

THE WITNESS: That's right.

SENATOR JONES: But the point is, as I understand it, you said that you discussed the Paterson job with Iommetti at meetings of the Association.

THE WITNESS: I might have, I said. I don't recall, but it was before the bidding.

SENATOR JONES: All right. There is no harm yet.

THE WITNESS: No. That's right.

SENATOR JONES: If you want to talk to him at Association meetings, you can, or in any event, you did.

THE WITNESS: That's right.

SENATOR JONES: All right, so you did. What's next?

BY SENATOR JONES:

Q What did you talk about, the idea of going in this job together, is that right?

A I told him that my brother is going to --

Q -- pull out?

A -- get out of the business and it's too much for me to handle.

Q Right.

A I wanted to go on a co-venture if he wanted

to go along with me. He says he would. That's all. We consummated a business transaction.

Q I suppose this didn't take place all at one time. To get into a three million dollar deal takes a little talking, takes a little steak eating and takes a cocktail and takes a couple of meetings of the Association. A No, not meetings of the Association.

Q It started there. A It was Iommetti and Stamato.

Q O.K. Go ahead. Well, all the rest was right, wasn't it? I mean, you talked about it. A What's all the rest?

Q I mean, it wasn't something you arrived at quickly. A No. I asked him if he wanted to go into a co-venture. My brother was quitting; he was getting out. It's going to be too much for me to handle. I'm getting on in years too you know, and we agreed to go into a co-venture.

Q O.K. Fair enough. When was the agreement struck?

A Before the bidding.

Q Well, about when? A Oh, I would say a week, maybe two weeks before.

Q O.K. So you decided at that time to put in a joint bid?

A That's right.

BY MR. GROSS:

Q Now who was it that worked out the cost estimate for the job, Iommetti or you, or jointly? How was that done? A I don't recall. I gave him the figures. I says to him "I think we can do it for the same price, even though we're going to get raises with the union with this insurance benefits that they want. We might get a raise on our dumping cost for this landfill situation." I said "We'll go in at the same price," and he agreed to do it, and

we went in at the same price.

BY SENATOR JONES:

Q So you felt when you made that bid that irrespective of rising costs, that would in all probability occur, - you felt that you could still do it at the old price and come out all right?

A Yes because there was a new type of equipment coming out too where we could cut down on our gangs.

Q O.K. What was that equipment? A They are R-2's. They just came out. We're trying them for the first time.

BY MR. GROSS:

Q Mr. Stamato, you own your own dump, is that correct?

A Yes, but we are going to get out. We are chased out of there now.

BY SENATOR JONES:

Q You own it, but you are chased out? A Yes. We are chased out.

Q You mean you own the land and can't dump? A That's right.

Q Where is it? A East Rutherford.

SENATOR JONES: Are we going to get into that too?
Are you heading there?

MR. GROSS: No.

SENATOR JONES: I think I almost ought to say "good."
All right. Go ahead. He got chased out of East Rutherford and they owned the land.

BY MR. GROSS:

Q Mr. Stamato, actually what I think the Committee would be interested in seeing, if you could develop this, is an actual cost estimate for this Paterson job to see how costs are prepared

we went in at the same price.

BY SENATOR JONES:

Q So you felt when you made that bid that irrespective of rising costs, that would in all probability occur, - you felt that you could still do it at the old price and come out all right?

A Yes because there was a new type of equipment coming out too where we could cut down on our gangs.

Q O.K. What was that equipment? A They are R-2's. They just came out. We're trying them for the first time.

BY MR. GROSS:

Q Mr. Stamato, you own your own dump, is that correct?

A Yes, but we are going to get out. We are chased out of there now.

BY SENATOR JONES:

Q You own it, but you are chased out? A Yes. We are chased out.

Q You mean you own the land and can't dump? A That's right.

Q Where is it? A East Rutherford.

SENATOR JONES: Are we going to get into that too? Are you heading there?

MR. GROSS: No.

SENATOR JONES: I think I almost ought to say "go on". All right. Go ahead. He got chased out of East Rutherford and they owned the land.

BY MR. GROSS:

Q Mr. Stamato, actually what I think the Committee would be interested in seeing, if you could develop this, is an actual cost estimate for this Paterson job to see how costs are prepared

and developed, with a specific breakdown. A It's tough to figure out. You've got to gamble. You've got a landfill situation which they have been getting away with.

SENATOR JONES: You admit that.

THE WITNESS: They are doing it halfhazardly, see.

SENATOR JONES: Halfhazardly.

THE WITNESS: If they ever stuck to it, it would cost you more for sanitary landfill than to incinerate. So you're gambling all the time. That's why I just why I just didn't give a darn when they shut the dump down and dump over to another dump and pay our yearly fee.

Q What are your present wages? How much are you paying now?

A The men today get \$114 a week for the drivers and \$104 for the lifters.

Q And how many men do you use on a truck? A Two men on a truck.

BY SENATOR JONES:

Q How many trucks have you got in Paterson? A Oh, about sixteen right now, fourteen to sixteen. It all depends.

Q Are they all the Packa-18's? A They are all Garwood 500's.

Q 500's. What is that, 18 tons? A 20 to 24.

Q 20 to 24-ton Packa's.

MR. ELAM: 24 yards.

SENATOR JONES: What?

THE WITNESS: 24 yards. Some are 20; some are 24.

Q And they all call for two men. You use a driver and a fellow on the truck? A A driver and a helper.

Q A driver and a helper. You don't have any open trucks at all in Paterson? A I think we have one or two.

Q In Paterson do you take all refuse, all garbage? A Yes.

Q You don't have any industrial that you make a private deal with anybody, do you? A The industrials, they have got a right to use our dump, but we've got privates over there too.

Q You have privates over there. A If a factory comes over to me --

Q If a factory comes over to you -- A -- and wants to make a deal with me to remove their factory waste ---

Q Is that in your contract or is that a private deal?

A No. That's a private deal. -- we give them a right to ---

Q What do you have to take from an industrial company under your contract? A Just their garbage.

Q Just their garbage. A Just their garbage.

Q Well now, do you have an exclusive in that contract to take all the private stuff in Paterson? A Oh, no.

Q If I decided to get in the garbage business and the Manhattan Rubber Company wanted to give me all their old rubber material ---

A You've got a right to go there.

Q (Continuing) --- I could go there and make a private deal.

A That's right.

Q So you don't have that exclusive? A No.

Q But you do have, in spite of the fact you don't have an exclusive, I suppose you do have quite a few private people that make private deals with you. A I'd say I've got about five per cent of the privates. There are about 15 or 20 private waste collectors over there.

Q You have fifteen or twenty others? A Yes.

Q Well, how many customers do you have on a private level?

A All together, I think all over North Jersey we must take in about sixty or seventy thousand dollars a year in privates.

Q And how much out of Passaic County? A Oh, I'd have to figure that out. That's Passaic and Bergen County.

Q Leave out Bergen. We'll come to Bergen later. What are you taking out of Passaic County? A I'd have to figure that out.

Q You don't know. You don't know what you are taking out of Paterson? A No. I'd have to figure it out.

Q Now can you give the Committee and can you give counsel your general statement of allocation here as to cost. You have a per capita of \$4.17. How do you divide up that \$4.17. Or if it isn't the \$4.17, how do you arrive at costs? How much for trucks? How much for maintenance? How much for labor? How much for insurance? How much for gas? A Like I says to you, you don't know your cost until you complete the job.

Q Yes, but --- A Then you know your cost. All you could do is guess at it and get a rough idea what it costs you.

Q Well then, tell me how you approach your rough ideas?

A Well, from previous experience.

Q And how do you arrive at your previous experience?

A You figure out what you have made on other jobs.

Q O.K. Well now, how do you figure out what you have made on another job? This is like ring-around-the-rosy. A Just sit down with your accountants.

Q Sit down with your accountants. A That's right.

Q What do they tell you? For instance, what percentage of a job is labor? A That I'd have to figure out.

Q How much do you spend on labor? What is your allocation or how much do you spend on labor? A I'd have to figure it out, Senator.

Q How much do you amortize your trucks, over what period of time? A Five-year period.

Q A five-year period for trucks. Do you know how much you make an allocation to gas and maintenance and all the rest?

A I'd have to figure it out. I'd have to sit down with the accountants and figure it out.

Q Well then, the answer is you can't do that for me now. A No.

Q Are you ever going to be able to do it for me? A I can give you a rough idea when I sit down with the accountants and go over costs and everything. See, every town is different. Every job is different.

Q The garbage is the same, isn't it? A Oh, no. Some towns call for rear-door collection. Some towns call for curb collection.

Q I understand that. A Some towns want everyday pick-ups. Some towns want just pick-up in the business areas everyday collection and twice a week in residential. It all depends. Every job is different.

SENATOR JONES: All right. I think we will adjourn this for today. We will announce another date for the hearing and it will be Wednesday, July 6th, here, and I'll come down from Maine to be here. All right, it will be July 6th, at 10:30 A.M.